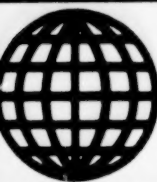


30 march

PRS-SSA-88-017

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**FOREIGN  
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# ***JPRS Report***

## **Africa (Sub-Sahara)**

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# Africa (Sub-Sahara)

JPRS-SSA-88-017

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**IMF Africa Department Head Discusses  
Economic Adjustments**

34190064 Paris JEUNE AFRIQUE ECONOMIE  
(Special Leaders supplement) in French  
Dec 87 pp 99, 101, 103, 105, 107

[Interview with IMF Africa Department Director Alassane D. Ouattara by Sophie Bessis, Mamadou Alpha Barry, and Jacques Gautrand]

[Text] "Africa Is Adjusting" is the headline we wrote for Page One of our Number 100. The International Monetary Fund (IMF) is—together with the World Bank—one of the principal organizers of this adjustment, which as we know is not painless. The growing influence of the Washington institutions over the economic policies of the Africans no longer needs to be proved.

In the face of the criticism that the methods of the IMF have elicited in the Third World, the director of the IMF's Africa Department, Alassane D. Ouattara, agreed to respond to the questions submitted by JAE [JEUNE AFRIQUE ECONOMIE]. This brilliant 45-year-old Ivorian economist had been vice-governor of the BCEAO (Central Bank of the West African States) before his appointment to the IMF in November 1984.

[Question] How do you view the prospects for the African economy over the next 18 months?

[Answer] For several years, the African governments have been resolutely committed to a process of economic adjustment that has not always been easy; first, because of the difficulties encountered on the domestic scene; second, because of the vicissitudes of the international environment; and lastly, because of the decrease in financial resources. However, most of these governments are convinced that it is in the interest of their countries and their peoples to pursue these efforts at adjustment in order better to face the future. Even though there has been an improvement in the international situation, the growth of the world economy remains weak, and this fact has had the effect of depressing the prices for raw materials—the principal source of income for the countries of Africa. The benefits of the adjustment measures have nonetheless begun to make themselves felt in many of these countries, which should henceforth record better performances than in the past.

[Question] Will national income in Africa increase?

[Answer] Our forecasts show that the per capita GDP could increase beginning in 1988, based on a series of hypotheses involving the flow of capital, the terms of trade, the effects of the adjustment policies, and so forth.

[Question] Although it recognizes the chronic depression of the world market in raw materials, the IMF does not appear to take this fact into account in preparing its financial programs.

[Answer] We make a study—in each country—of all the sources of equilibrium and disequilibrium; these include, to be sure, the prices for primary goods but also the cost of imports, interest rates, price levels, exchange rates, and so forth. To cope with the decline in the prices for raw materials, the IMF has at its disposal a mechanism for compensatory financing. Moreover, individually adapted systems of compensation also exist at the level of the European Community and other institutions. One cannot therefore say that the IMF does not take price fluctuations into account in its programs, although this does not fall within its specific sphere of intervention.

[Question] For some time now a debate has been going on within the IMF concerning these adjustment policies, and greater emphasis is currently being placed on growth.

[Answer] The economic adjustment policies have a whole series of objectives. Because the IMF is first and foremost, a monetary institution that is desirous of reestablishing a basic equilibrium and renewing the expansion of world trade, it accords a certain precedence to adjustment of the balance of payments. But if a country's balance of payments is adjusted—and if the flow of capital becomes normal again—all this will be translated into an improvement in the rate of economic growth. To speak of an adjustment in growth, therefore, is to speak in terms of greater encouragement to investment. The adjustment programs should not be translated into a reduction of investment in order to favor consumption, which until now has been the course preferred by many debtor nations, for that is the course of least resistance. Second, it is essential to go farther in the area of structural reforms—and that is not so easy, either. Third, substantial financial resources are necessary to support the adjustment efforts of the debtor countries.

[Question] The Third World countries have criticized—often in extremely strong terms—the content of the adjustment programs and their representatives in the IMF, and have made proposals for adapting these programs. Where do things stand in this regard?

[Answer] A reduced committee of the Group of 24—together with the Group of 10—have in fact proposed a number of changes in the conditions posed by the IMF. During the coming months the Fund will study these two reports and attempt to reach a consensus as to the best way to adapt these conditions to the evolution of the situation of the African countries and—of course—to the evolution of the international environment.

[Question] In other words?

[Answer] More time should be allotted to implementation of the adjustment programs. However, everything is equally dependent on the nature of the financial resources that can be placed at the disposal of these countries. Heretofore, the IMF did not have "long-term"

resources at its disposal: most of the adjustment programs were designed to adjust the difficulties over a period of 3 to 5 years. Henceforth the IMF has a new instrument at its disposal—one intended especially for the African countries—namely the FAS (structural adjustment facilities), the total amount of which could triple as early as 1988. Thanks to these resources, it will be possible for the adjustment process to take place over a longer period of time.

[Question] One can therefore infer that the IMF programs will be less standardized than in the past, when you have often been criticized in this regard.

[Answer] I am surprised at this criticism, for each program has been the subject of negotiation with the country in question. The circumstances accordingly differ from one country to the other, and the measures to be applied vary according to the problems to be dealt with. There are specific difficulties, however, that call for specific remedies. Because many countries have waited for the situation to deteriorate markedly before "calling the doctor," drastic measures have had to be applied. This may have given the impression that the remedies were similar. Countries that requested IMF assistance as soon as they sensed the initial difficulties were able to benefit from preventive programs, and this has enabled them to get through the crisis easily.

[Question] The IMF appears to be applying a double standard: it seems to be much more strict where the Third World is concerned and does not appear to display much firmness with regard to the United States, whose enormous domestic and trade deficits are unsettling to the world economy.

[Answer] One should beware of drawing parallels. In the first place, it would under any circumstances be easier for a country that has implemented coherent economic policies to withstand circumstantial shocks originating abroad. This may indeed be the case with many industrial countries. Because of their economic base, their technological capacity, and their management practices within a rational and democratic context, these countries are in a position to remedy their situation without requesting foreign assistance. The foreign capital that they attract is basically of private origin; investors invest it or withdraw it as they see fit. On the other hand, if a country's economic management practices tend to create imbalances at home and abroad—and unfortunately that is the case in many African countries—you end up with a situation in which it becomes necessary to ask for foreign aid. In such cases, lenders will impose conditions designed to ensure repayment of their loans.

[Question] The example ought to come from above. Don't the poor countries that are being asked to accept economic adjustment have good reason to be disheartened when they see the United States piling up huge deficits?

[Answer] These countries have to accept adjustment, because their economies are fragile. If these countries had the same qualifications for obtaining financing as the United States, they might not need to appeal to the International Monetary Fund for assistance. Despite the American deficit, investment capital continues to flow into the United States in large quantities. Investors throughout the world are in this way demonstrating their confidence in that nation.

[Question] But in the event of powerful financial tempests such as the one that struck on 19 October, what can the IMF do to induce the United States to correct certain imbalances that it caused?

[Answer] Under the provisions of its charter, the IMF exercises a role of monetary surveillance over all the member countries, from the largest to the smallest; but this authority is exercised more intensively over those countries that request assistance from the Fund. As for its influence over the United States, I recall that the IMF participates in certain meetings of the ministers of finance of the Group of Seven, with a view to achieving greater coordination of their economic policies. The director general of the Fund in this way has an opportunity to assert—to the great industrialized nations—the views of the IMF concerning their economic policies.

[Question] Nevertheless, doesn't one run the risk of seeing an increasing number of countries of the South—discouraged by an international environment that is adverse to them—abandon the adjustment programs? The Ivory Coast sounded the alarm in May 1987.

[Answer] I don't want that to happen in those countries. If they abandon the adjustment program, what is the alternative? It is possible to demonstrate your annoyance and disappointment vis-a-vis the economic environment; but over the long term, when your resources are diminished, you will indeed have to take the program into consideration in your conduct of everyday economic affairs and reestablish certain equilibriums. Otherwise, the process will go forward all by itself: you will see shortages and social instability. Better to prepare the restructuring of the economy within the framework of a plan—to be implemented over a period of time that is politically and socially more acceptable—than to place yourself outside the system.

[Question] But what if the international environment doesn't follow suit?

[Answer] Any evaluation must be made over the long term. The Ivory Coast has known good years and bad years. The Iroivian authorities have displayed great courage. In the course of the last 3 years, important measures were taken within the framework of programs supported by the Fund and the World Bank; and on the eve of the



current crisis, the Ivory Coast succeeded in reestablishing a balance of trade equilibrium. In the face of this crisis, one must prepare for the future, and I believe that the Ivorian authorities are doing so with great determination.

[Question] The Ivorian example shows clearly that the adjustment programs by themselves do not enable a country to get out of difficulty.

[Answer] I agree; but a country that has a good economic policy will withstand the crisis better than a country that has a bad one. To be sure, it is essential that the international environment improve and stabilize, in which case the benefits of the adjustment efforts will be even greater.

[Question] In the adjustment programs, the IMF customarily recommends to the African countries that they devalue their respective currencies and adopt a system of floating exchange rates, which entails the continuing depreciation of those currencies. Wouldn't it be better to establish the exchange rates at a fixed level?

[Answer] An exchange rate is a little like a thermometer that records a country's economic situation and makes it possible to evaluate the state of its equilibrium vis-a-vis foreign countries. The IMF does not systematically recommend devaluation. Ten countries of the CFA franc zone currently have a program with the IMF and have maintained the fixed parity of the CFA franc against the French franc. But when domestic prices—in a given country—are very high by comparison with prices abroad, that country has no other choice than devaluation to enhance its competitiveness in foreign markets. Countries that delayed too long their request to the IMF found themselves in a situation where demand was totally disproportionate to supply. The IMF does not have an inflexible attitude with regard to exchange rates: Some countries have retained a fixed parity, others have chosen devaluation, and still others have opted for auctioning foreign exchange. All this evolves according to the particular circumstances of each individual country. In the CFA franc zone the term "fixed parity" could give rise to an error, for in reality the CFA franc follows exactly the fluctuations of the French franc against the other foreign currencies. However, these countries carry out much of their foreign trade in dollars, pounds sterling, marks, yen, and so forth. It is therefore useful to study the evolution of the CFA franc against all foreign currencies. We have witnessed a slight appreciation of the CFA franc, but it is not such as to call into question a system that is functioning well.

[Question] In recent years, however, the IMF has consistently brought pressure to bear on countries of the franc zone that are under its supervision to induce them to devalue their respective currencies.

[Answer] I have been director of the Africa Department for 3 years, and I categorically deny that the IMF has brought any pressure to bear on these countries to get them to devalue the CFA franc. I am in a position to know this. We study the exchange rates of all countries, and it is only in the event of a serious problem that we endeavor to remedy the situation. It would be risky to tinker with a convertible currency because of a few points of appreciation.

[Question] The Ivorian authorities several months ago had to deny rumors that the CFA franc would be devalued.

[Answer] There may have been market pressures, or an outflow of capital.... I have been to the Ivory Coast several times, where I have been received by the chief of state. At no time did we speak of exchange rates, for that is not a problem.

[Question] How do you react to the fact that Africa is recording net negative flows of capital, and especially to the fact that Africa is currently paying to the IMF more than it receives from that institution?

[Answer] Let us not forget the monetary character of the IMF. Until now the Fund has granted short-term loans that have to be repaid over a period of 3 to 5 years. When the crisis hit Africa in the early 1980's the IMF intervened massively, infusing between \$1 billion and \$2 billion annually. We are currently in a period of repayment of this aid. At the same time, however, we are putting new programs in place such as the structural adjustment facilities [FAS], from which 34 countries in Africa are able to benefit. Countries of intermediate income—which are not eligible for the FAS—are not very numerous in Africa. The programs with the Fund have functioned well for many of these countries, which no longer are having recourse to it; they are now in a period of repayment. It is therefore normal for the flows of capital to be negative. When you are doing well, you repay your debt....

[Question] When the IMF emphasizes the necessity for reducing demand, what social categories are targeted by these programs? An increasing number of voices have been raised recently to advocate an "adjustment with a human touch."

[Answer] One should not underestimate the impact of the adjustment policies on the social fabric of a country. It is essential for everyone to be concerned about this, and first and foremost the governments of the countries involved. There are various ways to reduce demand. If this reduction impacts consumption, an effort must be made to protect the most disadvantaged classes of society. The IMF is not a microeconomic institution and does not have enough personnel to make a detailed study of income distribution in each country and identify the social strata that are the most disadvantaged. That is the task of the individual governments. In preparing the

adjustment programs with the IMF, it is incumbent upon African officials to emphasize this aspect of the question and to propose appropriate measures. It is also essential to give preferences to productive investments. You will agree with me that during the last 10 years the governments have not always invested in the best sectors of the economy or in the best projects. Many public enterprises have proved to be voracious consumers of money. The structural dimension of the adjustment programs is important in this regard.

In Africa we shall have more time to implement these programs, and the African governments will be able better to identify the sectors from which to "remove the fat." And I believe that these governments will be able to explain to their peoples that even in a state of poverty one cannot live totally at variance with the evolution of affairs in the international community. The entire population must be aware that the adjustment concerns them and must agree to protect the poorest among them.

[Question] When you see the difficulties encountered by some privatization programs in the Western countries, do you think the poorest countries should go full speed ahead with privatization, as the IMF and World Bank are urging them to do?

[Answer] The IMF does not do what you are criticizing us for; namely, urge that privatization be carried out blindly. But you have to agree that certain public enterprises have been hindrances to the growth of the African countries rather than positive factors. The African governments have been the first to acknowledge their errors.

If a public enterprise has not played its role correctly, why retain it and thereby make the most disadvantaged members of society pay the price?

[Question] In this connection, isn't the IMF a very convenient scapegoat for those Third World governments that must take unpopular measures but do not want to take their share of the responsibility for them?

[Answer] On the contrary, I believe that many governments are presenting these programs to their people in a rational and responsible manner. With or without the IMF, adjustment is inevitable; and we want that adjustment to be accompanied by strong and sustained growth.

[Question] You are an international civil servant who is duty bound to maintain a certain reserve, but you are also a national of an African country. What leeway do you have to advocate the African point of view?

[Answer] The Fund is a technical institution, and I venture to say that I was recruited because of my technical expertise and not necessarily because I am an African.

I believe that the director of the African department should be used to maintain liaison between the Africans and this Washington institution. By virtue of the responsibilities I have exercised previously, I believe I have a good understanding of the views of the African leaders, of the constraints under which they operate, and of the way they envision the future. I am therefore in a position to be able to inform the Fund's Board of Governors of the concerns of these leaders and of their great desire to do better. Concurrently, my role is to explain to the African governmental authorities the nature of the mission of the IMF.

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### **Students Demonstrate in Havana Against South African Aggression**

34420115 Luanda JORNAL DE ANGOLA in Portuguese 24 Jan 88 p 12

[Excerpts] HAVANA-A student demonstration against South African aggression in Angola took place in Havana under the initiative of the JMPLA-Party Youth.

The organizers of the demonstration the Angolan students in Cuba and other foreign friends of the Angolan Revolution denounced South African authorities' refusal to comply with UN Security Council resolution 602/87 demanding RSA's withdrawal from Angola by Dec 10.

Ambassador Manuel Pedro Pacavira recently appointed Angola's Permanent Representative to the UN and member of the MPLA-PT Central Committee addressed the group.

The first national secretary of the Angolan youth organization, Juvenal Lopes Madeira, denounced South African aggression in Angola in his speech.

### **Chipenda Discusses Need for Peace, Talks With RSA**

34420101a Luanda JORNAL DE ANGOLA in Portuguese 4 Jan 88 pp 1, 12

[Excerpts] Our compatriot Daniel Julio Chipenda, who was excluded from the MPLA during the national liberation struggle because he headed the factional movement known as the "Eastern Revolt," returned to the People's Republic of Angola definitively last week, within the framework of the national reconciliation policy decreed by the Angolan Government.

Daniel Chipenda, who is now 56, held a press conference for domestic journalists yesterday at the Anibal de Melo Center in Luanda, at which he made his first public statement since his return from Portugal, where he lived for a considerable time.

During the press conference, Chipenda said that he recognized the MPLA as the sole national movement, "the movement which really represents the human fabric of Angola," and he termed the national reconciliation policy "timely."

He began by refuting the idea, which he said exists, to the effect that the Angolans are still not independent. He said that this idea has been promoted by the enemies of the Angolan people.

He said that it is his intention to "pursue the struggle for the pacification of the country, so that the problems can be resolved among Angolans through dialogue. Only by establishing peace can we concern ourselves with the development of the country," he stated.

When asked what he meant by "pacification" of the country, Chipenda said that he supports the positions the government of the People's Republic of Angola has been adopting with a view to an overall agreement in the region. He said that the main enemy of the Angolan people is South Africa, "which wants to arm a part of our population to attack and destabilize the country."

Chipenda compared the role of Pretoria in the conspiracy against the Angolan people with that of a station chief in the colonial era, and the role of the UNITA to that of the Indian soldiers serving the British. "They were worse than the station chiefs. Today we have such a force, the UNITA. The station chief is South Africa, and it is with it that we must reach an agreement," Chipenda said. During the press conference, he cited various situations during the liberation struggle as examples of the maneuvers used by the enemy in the effort to crush the victorious struggle of the MPLA.

The speaker termed the leadership of the puppet UNITA band "mediocre" and "cunning," since such weapons as racism and tribalism are used to divide the Angolan nation. He accused these leaders of being willing to sacrifice an entire people, because of ambition.

In conclusion, he appealed to all the Angolans who are still being "manipulated" by forces alien to the national interests, urging them to follow his example and return to the fatherland. He extended this appeal, in particular, to a sister who is a member of UNITA.

When asked to describe his plans for the future, Daniel Julio Chipenda said that he expects to be assigned by the government "where I am needed, where I will be most useful, from the point of view of the development of the country."

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### **MPLA-CPSU Cooperation**

34420111 Luanda JORNAL DE ANGOLA in Portuguese 28 Jan 88 p 3

[Text] Training in the USSR for Party members. On 26 Jan the MPLA-PT and the CPSU signed a political and ideological training accord for members of the Party's National School in various fields of social sciences.

This accord was signed by Sidorov Valeri, the acting director of the Department of Information of the USSR Communist Party Central Committee.

The cooperation accord just signed by the Party's National School and the Higher Institute for Social Science of the (CPSU) Central Committee entails the specialization of Angolan teachers in the Soviet Union as well as the exchange of delegations between the two institutions.



### **Propaganda and Counterpropaganda Seminar**

34420112 Luanda JORNAL DE ANGOLA in  
Portuguese 20 Jan 88 p 3

[Text] A seminar on propaganda and counterpropaganda directed by Soviet specialists opened yesterday at the Anibal de Melo Press Center in Luanda.

Journalists representing the mass media will participate in this seminar which will last approximately one week.

Propaganda and counterpropaganda methods will be taught at this seminar organized by the MPLA-PT Central Committee Department of Propaganda and Information.

### **Territorial Troops Officers Course**

34420114 Luanda JORNAL DE ANGOLA in  
Portuguese 24 Jan 88 p 2

[Excerpts] The 3rd course for Territorial Troops Officers held at Marcelino Dias School in Funda concluded last Friday in a ceremony presided by Major General Roberto Leal Monteiro 'Ngongo', deputy of FAPLA's general chief of Staff.

In this six-month course several subjects were taught which will enable officers to organize and develop course plans for smaller units of Territorial Troops.

Major General Ngongo emphasized to the graduates the responsibility that they will assume now in the protection of our border areas and in the defense of towns and communities.

### **Huila Official Analyzes Military, Economic Situations**

34420101b Maputo NOTICIAS in Portuguese  
9 Jan 88 p 1

[Interview with Huila Provincial Commissioner Lopo do Nascimento by Benjamin Faduco in Lubango, Huila; date not given]

[Text] The Government of the People's Republic of Angola will never kneel before the South African racist regime, despite the continued aggression and occupation of parts of our territory, as a precondition for the total and complete withdrawal of the invading troops from the soil of our fatherland. This statement was made by Lopo do Nascimento, a member of the Central Committee of the MPLA-Labor Party and the provincial commissioner of Huila, during an exclusive interview he granted to this periodical recently. Talking with us at his residence in Lubango, the capital of Huila, Lopo do Nascimento emphasized that "We will never agree to negotiate in a position in which the Angolan people are on their knees while racist South Africa sits in a chair."

The provincial commissioner of Huila told NOTICIAS that "South Africa is fully aware of the increasing combat and response capacity of the Angolan Army, the FAPLA."

To illustrate this statement, he cited the results obtained recently during the battles for possession of Cuito Cuanavale in the province of Cuando-Cubango, where the invading South African troops and the forces of the puppet UNITA were forced to withdraw after suffering heavy casualties.

In his view, the increasing combativity of the Angolan Army throughout the more than a decade of direct aggression on the part of Pretoria is also seen in the fact that at present, "The development of the South African troop resources, both in the air and on land, is no longer proceeding as easily as in past years."

In this connection, Lopo do Nascimento said that "In 1983, the South African Air Force succeeded in carrying out some bombings here in the city of Lubango, which lies well above the province of Cunene. Today, however, this same Air Force does not dare to approach."

### **Point of Containment**

Lopo do Nascimento described the province of Huila as the main point of containment for the South African invasion of the territory of the People's Republic of Angola.

In fact, any visitor to Lubango will soon become aware of the scope of the war of aggression being pursued by the racist regime in Pretoria against this sovereign and independent country.

But at the same time, he cannot fail to note the great military capacity the FAPLA have achieved in the course of the process of direct confrontation with a more experienced and technically better equipped army.

In answer to a question about why the forces of the UNITA puppet group are making progress on the ground, particularly in the disturbed province of Cunene, Lopo do Nascimento stated categorically that the "confrontation in the province of Cunene is with the South African invading forces, and not with the UNITA bandits."

In the view of this MPLA-PT and Angolan government leader, it is Pretoria's Army which is involved in the confrontation in that southern region of Angola precisely because "South Africa itself, aware of the capacity of the FAPLA, could never allow its puppets to engage in direct combat with our Army."

It is in the city of Lubango that the headquarters of the Fifth Military Region Command, which covers the provinces of Huila, Namibe and Cunene, is located.

The interview granted us by the provincial commissioner of Huila at his residence in Lubango took place 2 days after the visit paid by the United Nations Security Council mission to the southern region of Angola to observe firsthand the type of equipment used by the invading South African troops, their origin, and also their movements.

On the other hand, the statements obtained by our reporters from the military commanders in the province of Huila categorically deny the erroneous reports carried in certain Western press organs to the effect that the UNITA group controls the province of Cuando-Cubango.

### **Confining the Bandits**

A reliable source in the southern part of Angola told NOTICIAS that the UNITA puppets have been confined to a certain zone in Cuando-Cubango, particularly since the battles in Cuito Cuanavale.

"If it were not for the massive support of Pretoria, the UNITA bands would be limited only to the so-called central base in Jamba," this same source told us. In fact, since the UNITA and its South African sponsors were forced out of the Cuito Cuanavale region, their activity has been confined to the southern bank of the Lomba River, where Pretoria's main military forces are concentrated.

"A large part of the province of Cuando-Cubango is under our control," our source added. He went on to say that the TAAG offers regular flights to and from the cities of Luanda, Lubango and Menongue, which is the capital of the province of Cuando-Cubango. Our reporters were able to confirm this on watching two of the regular TAAG flights from Luanda arriving in Lubango after a stop in Menongue.

We further learned from the same source that after the South African defeat in Cuito Cuanavale, the UNITA bandits tried to carry out terrorist actions and looting in some interior regions in the province of Moxico. This action by the bandits is interpreted in FAPLA military circles as an effort to avoid an open confrontation with the Angolan Army.

During our visit to the province of Huila, we saw some of the military vehicles of the troops from Pretoria which the FAPLA had captured. Some of them belonged to the notorious Buffalo Battalion, having a representation of that animal on the front. This is yet another proof of the great combativity of the FAPLA, which do not retreat from an invader with war equipment as modern and sophisticated as that of the SADF.

### **Farm Record**

The province of Huila is not only the main point of containment for the South African invasion of Angola, but is also the region which last year obtained the highest corn production in the country since 1973.

According to information provided to our reporters by Joao Viuey, the provincial secretary for economic and social affairs of the MPLA-Labor Party, the province of Huila was able to market a total of 25,000 tons of corn last year. The goal set prior to the purchasing process was only 20,000 tons.

This volume was purchased both from private farmers and from those in the cooperative and family sectors. This same province had marketed the limited quantity of 8,000 tons of corn in 1986.

According to this official, there are in the province of Huila, with its population of 1.8 million inhabitants, 300 cooperative associations with a total membership of 27,000, including approximately 7,000 women.

Huila is also a region which produces a great deal of livestock, because of the excellent conditions provided by the high-altitude climate. Last year alone, 6,500 cattle were marketed, although the initial plan called for only 2,600.

However, industrial activity in that province has felt the effects of the general economic situation in a country which has never known peace. As a result, the Huila industrial park, most of which is concentrated in Lubango, is working at only about 30 percent of its installed capacity.

This situation can be corrected gradually with the introduction soon of the economic rehabilitation program called Economic and Financial Correction (SEF).

Huila also has an iron-extracting industry at the Jamba mines located in the Chela mountains, and it produces black granite and ornamental rocks, as well.

According to Lopo do Nascimento, there is a plan for the rehabilitation of the iron mines, which have functioned inefficiently in recent years because of the deterioration of the machinery, so that they are incapable of production which is competitive on the market.

In the atmosphere of aggressive warfare which has lasted about 13 years, the province of Huila continues to rank as the best province in the country in terms of stability, as well as in agricultural production, while at the same time serving as the granary for Luanda, the capital of the country.

### Oil Production To Increase

34000436c Johannesburg BUSINESS DAY in English  
19 Jan 88 p 3

[Text] Luanda—Angola seemed assured of an oil boom after France's Elf Aquitaine, the second Western company to do so in only days, yesterday predicted a big jump in their crude output there over the next three years.

Elf director Fernand Poimboeuf, operating in an offshore zone managed by the French company, forecast that the so-called Block 3 would pump over 80 percent more crude at the start of the 1990s than last year.

"In 1990 we should be up to around 150,000 (barrels per day—bpd)," he said. This compared with 82,000 bpd in 1987, and 120,000 expected this year.

The hike in Elf output and a similar rise in volume forecast by top Angolan producer Cabinda Gulf Oil Company (Cabgoc), a subsidiary of the US Chevron Corporation, will add considerable muscle to the country's role as an oil producer.

Angola does not belong to the 13-nation Organisation of Petroleum Exporting Countries (Opec), and so is unshackled by the price and production controls imposed by the cartel on its members.

Already Angola is estimated to be pumping about double the output of Opec's smallest African producer, Gabon, and more than the Gulf state Qatar, and Ecuador—also Opec members.

Cabgoc general manager Will Lewis predicted last Friday the company would boost production in its offshore Cabinda fields to 300,000 bpd in 1990 from 231,000 last year.

08309

**South African Presence in Country Described;  
Motives Discussed**

34000429 Johannesburg *THE CITIZEN* in English  
16 Feb 88 p 17

[Article by Tony Stirling]

[Text] To hear a Black man greet you with "Hoe gaan dit?" would not be unusual in South Africa, but to hear it come from a farm worker in Equatorial Guinea is something else.

It was just such words that I was greeted with when I recently visited a South African-run farm on the volcanic plateau some 70km inland from Malabo on the island of Bioko in the former Spanish colony of Fernando Po.

There a young South African farmer called Mike le Roux, who is on secondment to the Department of Foreign Affairs, has been building up a herd of South African cattle and sheep with singular dedication as part of an exercise to teach Guineans the art of breeding beef, with the ultimate intention that the country should be able to provide sufficient meat to feed its population of 400,000.

At the same time Mike le Roux is cultivating a variety of vegetables on the farm with similar objects in mind—teaching the people to plant crops not only for self-sufficiency, but to generate a cash income from their lands.

He has been succeeding in both projects by obtaining excellent results both in his cattle and sheep breeding programme, and in achieving excellent crop yields in the fertile volcanic soil of the island.

At present he has a herd of about 300 cattle and 100 sheep, the first of which should be ready for culling this year, while crops from the farm and surrounding areas are reaching the markets in Malabo and on the mainland, where the greater part of Equatorial Guinea's territory is situated.

Together with his labour force of 20 locals, Mike le Roux is also maintaining a 30km strip of road that leads inland to the farm from the main coastal road to Malabo.

It is this type of project in basic self-help, providing for the most fundamental needs of one of the poorest countries on earth—food—that is the essence of South African diplomacy in Guinea and elsewhere on the continent.

South African participation in projects in Guinea and on other parts of the continent—apart from those in neighbouring states and states such as Malawi with which the Republic enjoys formal relations—are seldom advertised because of their sensitivity and the hysteria they sometimes evoke.

An example of this can be seen from the reaction to South Africa's tiny presence of three people in Equatorial Guinea. Nigeria, the regional power, has already indicated that it regards the South African presence as a security threat, as Bioko, so to speak, lies on Nigeria's doorstep in the Bight of Biafra, formerly supplied work to about 30,000 Nigerians, and at which Nigeria has been casting its eyes for some time.

Not only has South Africa been careful not to do anything that would in the least threaten Nigeria or its interests, but it is known that South Africa has in other instances refused offers to exploit sensitive strategic commodities, such as oil, because of the fury such a step could unleash.

Grand schemes for projects involving millions or billions of rands—of the type that has led to the creation of bloated bureaucracies and unwanted white elephants—are neither possible in terms of the South African budget, nor desirable in terms of its philosophy of what is required in building up Africa.

Pretoria sees soundly based agricultural economies and nations that can feed themselves as a solid starting point for future development, besides being willing to assist in the provision of primary health services and infrastructure, which is another aspect of the assistance being given to Guinea.

To ascribe Pretoria's motives in undertaking projects such as it has on Bioko as entirely altruistic would be inaccurate.

A completely underdeveloped economy such as that in Equatorial Guinea requires building, and it is here that South African entrepreneurs, who are looking for markets are encouraged to show and sell their wares.

It is here that people like Mr Hilton Lack, who is in Malabo as an unofficial diplomat, play a pivotal role by maintaining close contact not only with the government, but local and foreign businessmen operating there, so that visiting South African businessmen can quickly be introduced to potential markets for their products.

This is simple recognition of the fact that the increasing export markets for South African products in Africa is a life line that cannot be ignored, and it is one in which the Department of Foreign Affairs plays a crucial role.

It is precisely because South Africa is providing help of a fundamental kind based on its experience in having to develop rural areas of the Republic, that its projects in places such as Guinea and the Comoros are succeeding, where more ambitious projects run by United Nations and other agencies have been battling to get off the ground.



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30 March 1988

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## EQUATORIAL GUINEA

That South Africa's efforts are welcomed is evidenced by the reception its officials receive both from the local people and members of the government, who although they remain firmly anti-apartheid, recognise the potential benefit that

relations, official or unofficial, with Pretoria hold in helping to meet the most essential needs of their people.

08309

**KANU Governing Council To Consider Appeals**  
*34000341b Nairobi DAILY NATION in English*  
*11 Feb 88 p 24*

[Article by Senda wa Kweyera]

[Text] The Kanu National Governing Council meets next Tuesday to discuss, among other things, the suspended or expelled members who are seeking the ruling party's pardon.

The Secretary-General, Mr [name indistinct] Nabwera, said yesterday that the council will meet shortly after the National Executive Committee, which will convene at 10 a.m. to consider reports from the branches.

However, the governing council will not consider the case of former Vice-President Jaramogi Oginga Odinga "because he asked for pardon in the most awkward manner," Mr Nabwera told a press conference at the party's headquarters at the Kenyatta International Conference Centre.

"That is not how you appeal to the President, through the Press. He cannot have his case entertained or considered by the party. There are laid-down regulations to follow when seeking pardon," Mr Nabwera said.

Last week, Mr Odinga appealed to President Moi through the Press to pardon him so he could rejoin the party and contest in the March 21 General Election.

Mr Nabwera said the party headquarters had received three "very strong recommendations" from party branches concerning the people who have been suspended or expelled.

On the basis of those recommendations, he said, he had instructed his officers to give the loyalty pledge forms to such people "because if they will not have filled them and they are pardoned, they will have missed the deadline."

Asked to name those whose pardon was likely, Mr Nabwera only mentioned Mr Said Hemed, the former MP for Mombasa North.

The party secretary-general said those who have the large Kanu life membership certificates could use them when presenting themselves before their returning officers.

Asked to comment on queries by a churchman about the method to be followed by voters who were exempted from queuing due to their nature of jobs or positions in society, Mr Nabwera said:

"There are no special arrangements made so far as I know. They will have to come and queue like any other voter or wait for the time of voting by secret ballot. Since we are not forcing them, they are free to queue if they feel strongly about a particular candidate.

But the party chairman, Mr Okiki Amayo, said this issue will be clarified "on a later date" after consultations with other national party officials.

Bishop David Gitari of the Anglican Diocese of Mt Kenya had on Tuesday, sought to know the procedure to be followed by those exempted from queuing, such as certain cadres of civil servants, the armed forces and religious leaders.

Mr Nabwera said that in view of the short time remaining before elections, there is no way "arrangements can be made to have those who have been exempted from queuing to have their own way of expressing their support for candidates."

Meanwhile, a former Minister of State, Mr G.G. Kariuki, yesterday wrote to the Kanu headquarters appealing for re-admission to the party.

08309

**Candidates Submit Loyalty Pledge**

*34000342 Nairobi DAILY NATION in English*  
*9 Feb 88 p 4*

[Text] Hundreds of candidates for the March 21 General Election yesterday gathered at the Kanu headquarters in Nairobi to get forms for declaration of loyalty.

The Kenyatta International Conference Centre teemed with activity throughout the day as the candidates, including Cabinet Ministers, Assistant Ministers, the immediate former and past MPs thronged the building for the forms.

They started arriving as early as 8 a.m. from all parts of the country, but they did not get the forms until shortly after 4 p.m.

There were different forms for parliamentary and civic candidates.

In the Pledge of Loyalty/Statutory Declaration form, aspiring parliamentary candidates are expected to make a declaration that upon election as MPs through Kanu, they will:

—Remain loyal to the President and the party.

—Give full support to the Constitution and manifesto to the union and the unity of all citizens of Kenya.

—Adhere to the constitution of Kenya.

The candidates are also expected to declare that they are qualified by law for election as MPs, consent to nomination as parliamentary candidates, and that they are sufficiently proficient in their knowledge of English and Kiswahili.

The civic candidates are expected to pledge their loyalty to the President and the party. They are to promise to always give full support to the constitution of the party and principals of unity of all peoples of Kenya.

They are also expected to swear that they will give their unqualified support to the Kanu manifesto and the policies and programmes of development of Kanu government and that they will adhere at all times to the Constitution of the Republic of Kenya.

The declarations should be before a magistrate, a justice of the peace or a commissioner for oaths, and returned to the party headquarters.

By 6.30 p.m. candidates were still flocking the office of the party chairman, Mr Okiki Amayo, for the forms.

Some candidates were accompanied by their agents. The aspirants could be heard chatting about their individual prospects in the General Election.

Mr Amayo told the Nation that the declaration forms had been sent to all returning officers (District Commissioners and the Nairobi provincial office) in the country, where candidates could collect and return them.

He said this would save candidates the expenses of having to travel to Nairobi for the forms.

Mr Amayo said the party headquarters was ready to assist all aspirants to meet their requirements for candidacy. Those with special problems are free to seek advice from the headquarters, he said.

The aspirants also took the opportunity to update their Kanu life membership. Those who had the Sh1,000 life membership certificate were paying the additional Sh2,000 to meet the new fee set up by the 1986 annual delegates conference.

Mr Amayo declined to comment on speculations that he would be running for the Karachuonyo seat, whose outgoing MP is Mrs Phoebe Asiyu. He also declined to say if he had resigned from Sony Sugar Company, of which he is the chairman. He promised to give word soon.

08309

**Changes in Monetary Policies Assessed**  
34000341a Nairobi DAILY NATION in English  
6 Feb 88 p 14

[Article by G.K. Ikiara]

[Text] In his first major policy pronouncement, Mr Eric Kotut, the newly-appointed Governor of the Central Bank of Kenya, announced on January 21, 1988, that the

interest rates on savings deposits would be reduced from 11 to 10 per cent and the maximum [as printed] lending interest rate for commercial banks would be increased from 14 to 15 per cent.

According to the Governor, the changes will enable the country to attain its economic growth target of 5.1 per cent this year, to facilitate the stabilisation of the economy by curbing inflationary tendencies and to encourage banks to direct more of their lending resources to long-term projects rather than short-term consumption.

Whether the announced changes in the interest rate structure will succeed or fail to achieve the stated objectives will be determined by how the changes affect the supply and demand aspects of financial resources in the country. The impact of the new policy measure could go beyond the above areas to affect other aspects of the economy either positively or adversely.

On the supply side, one can make a number of observations. The lowering of the savings interest rate from 11 to 10 per cent per annum is bound to make savings less attractive to those with surplus funds. This will be the case especially if the recent trend of rising inflation rate continues the current year. Recent reports show that the inflation rate which had reached a low level of 5 per cent in February, 1987, had risen to over 8 per cent by November of the same year. A further increase of only 4 percentage points in the inflation rate would make the real interest rate for saving deposits negative. This would encourage potential savers to spend their surplus funds for consumption rather than risk the loss of purchasing power of their money through inflation. The decision to reduce the savings interest rate is likely to dampen people's desire to save, especially since a withholding tax on interest earnings was introduced during the last Budget speech.

There is, therefore, a high probability that this combination of tax on interest earnings, and the reduced interest rates on savings, at a time when inflation rate is rising in the country, could lead to a significant reduction in the flow of investment resources into the financial system.

For most of the last two decades, Kenya has had an impressive savings performance with annual aggregate national savings being above 20 per cent of the gross domestic product.

The recent depreciation of the Kenyan shilling against major international currencies such as the pound sterling, the deutschmark and the dollar has made external investment resources more expensive.

The problem has been further aggravated by the uncertainty of future trends of the exchange rates between the shilling and other currencies making local investors very reluctant to borrow external investment funds denominated in foreign currencies.

The flexible exchange rate followed by the country makes it difficult to predict the value of the shilling as it is daily influenced by movements in the values of the major international currencies. The Kenyan shilling is pegged to the Special Drawing Rights (SDR), whose value is determined by the aggregate changes in the major international currencies.

In view of these problems associated with foreign investment resources, it is essential that incentives to Kenyan savers continue to be given the attention and importance they deserve.

The future flow of domestic savings to finance the country's investment requirements cannot be taken for granted. Indeed, trends in the country's real gross investment in the last few years has been a source of concern.

A number of observations can also be made with regard to the effect of the announced changes in interest rates on the demand for financial resources. The upward adjustment of the maximum lending interest rate for commercial banks will certainly raise the cost of credit facilities in the country and this is expected to reduce the demand for investment resources.

The measure comes shortly after the December 1987 directive by Kotut's predecessor that growth of lending to the private sector should not exceed 0.8 per cent per month. The directive means that lending by banks and non-bank financial institutions should not grow by more than 9.6 per cent per year.

This is regarded as a highly restrictive lending policy when it is realised that expansion of credit to the private sector has been much higher in the past. For instance, credit to the private sector grew by 14 per cent in 1985 and by 17 per cent in 1986.

The two measures have led to speculation that Kenya's monetary authorities have embarked on a tight credit squeeze which could easily cause an economic recession, especially as export prices of coffee and tea are not expected to be good.

08309

#### **Imports From Japan Top Sh10.9 Billion**

34000341c Nairobi DAILY NATION in English  
11 Feb 88 p 10

[Text] Kenya imported Sh10.9 billion commodities from Japan between 1984 and last year, the chairman of the Kenya National Chamber of Commerce and Industry, Mr Francis Macharia, says.

In return Kenya exported goods worth less than Sh1 billion during the same period, he said on Thursday.

Welcoming the executive director of Japan External Trade Organisation (JETRO), Mr Shigeru Yamakawa, in his office, Mr Macharia said the trade was one sided and should be changed for the benefit of the two partners.

"We must establish various means of dialogue through which we can reduce this big gap in trade between our two countries," Mr Macharia said.

He said the gap could be through seminars and speeches by specialised people from the two countries mainly related to import-export trade.

The chairman said that Kenya did not have to strive to boost exports to Japan alone. It should try to send goods to other countries as long as the quality was right, he said.

"Wherever we export our commodities, the sole purpose should be to reduce the export of our foreign exchange reserves which could be used on other vital projects," Mr Macharia said.

Mr Yamakawa said that the trade relations between Kenya and Japan was 17 to 1 and needed to be reversed in favour of Kenya.

He said Jetro had started an aggressive campaign to educate Kenyans on ways through which they could penetrate the Japanese market.

"We shall be holding seminars, speeches, exchange of visits by our traders," Mr Yamakawa said.

08309

#### **Editorial Defends Preventive Detention System**

34000341d Nairobi DAILY NATION in English  
8 Feb 88 p 6

[Editorial: "Help Rehabilitate the Ex-detainees"]

[Text] On Jamhuri Day, late last year, President Moi released three political detainees. Early last week he freed one and by the end of the week he had set free nine more inmates. If this indicates anything it must be that the President does not wish any Kenyan to languish in confinement for any longer than is necessary.

The Kenyan leader himself has often emphasised that he will use the preventive detention instrument only as a last resort—only after all other, less drastic, methods have failed. For, though confinement of that kind has a constitutional basis, it is extremely painful to those subjected to it.

This is not because they suffer any physical torture in there. In the past some freed detainees have claimed mistreatment by some policemen between the time of arrest and the time of going to confinement.



That is to say, if any mistreatment took place, it is likely to have been in the hands of some policemen rather than in detention. President Moi himself has during the past 12 months spoken of misbehaviour by certain police officers.

No, the pain the detainees suffer is not physical but mental and, is therefore, much less tolerable. Perhaps this is why states resort to it. They hope that after a certain period of intense anguish in solitary confinement, the subjects will have given an effective deterrent.

For preventive detention is, indeed, practised by all states. And the secret police systems of the big Western states, whose holier-than-thou pressmen and politicians have hurled such abuse on Kenya, are some of the most notorious in the world for confining suspects and subjecting them to third degree lamplight for protracted periods of time.

This does not mean that we should ape them. Ideally, all our prisons and detention houses should be empty all the time. But nobody can doubt that certain individuals have acted in a manner that makes this impossible.

With regard to the detainees just released, however, let us hope that detention has served its purpose effectively. Let us hope that the pain they have experienced has transformed their intellects and that now they have adopted a more positive attitude towards society.

By the same token, however, let us—those who abide by this country's laws and who, therefore, may have assumed a hostile attitude towards all prisoners and detainees—remember that such an attitude cannot help in rehabilitating the freed individuals. In the past, many institutions have refused to re-employ them, perhaps for fear that those institutions would be seen as acting against state interests.

But forgiveness is one of the pillars of the Nyayo teaching. And, with regard to the detainees freed, the President can only have released them with a sense of forgiveness, that is, after they had shown strong signs of mental reform. They include some very highly educated people and we would be doing this society great disservice should we continue to bar them from contributing their part to our efforts at social construction.

08309

### Unrest in Rural Areas Noted

34000114b Paris THE INDIAN OCEAN  
NEWSLETTER in English 6 Feb 88 p 3

[Text] The leader of Madagascar's MONIMA opposition party, the member of parliament for Antananarivo Monja Jaona, asked President Didier Ratsiraka in a letter sent on January 25 to use his right of clemency towards Major Richard Andriamaholison and Marson Rakotonirina, who have been ordered deported for life to an island jail, as well as Abel Rakoto, who was sentenced to ten years' hard labour (see ION No. 316). Their appeals against the sentences were rejected by the supreme court on January 12, four years after they were imposed for "plotting against state security". Monja Jaona, who is almost 80, referred to his age and the devotion of Malagasies to the Christian faith to explain his approach to the president. He also said that the ten years the men had already spent in jail since their arrest was punishment enough.

MONIMA, the only party which is not represented on the umbrella Supreme Revolutionary Council, also recently launched a poster campaign in a number of towns. A poster signed by Monja Jaona and dated December 21 called for mobilisation against the government, in an attack on the increasingly dangerous situation in rural areas. Observers noted that contrary to the usual practice the bills were not immediately torn down.

/06091

### Despite Increased Western Aid, Per Capita Income Declining

34000114a Paris THE INDIAN OCEAN  
NEWSLETTER in English 6 Feb 88 pp 1, 5

[Text] While support for him from the general population of Madagascar may be lacking, President Didier Ratsiraka can congratulate himself at having regained the confidence of donor countries and organisations. By 1989, the year decided for an election which will probably see a number of different candidates vying for the presidency, the Antananarivo government will have obtained sufficient aid from abroad to improve the economic situation in the country to some extent. France has agreed to a small increase, taking its total so far to around one billion French francs.

In a meeting in Paris on January 28 and 29 a total of nine Western states (Britain, Canada, Egypt, France, Italy, Japan, Switzerland, West Germany and the United States) and a dozen multilateral agencies (World Bank, African Development Bank, European Investment Bank, European Economic Community, United Nations Conference on Trade and Development, International Fund for Agricultural Development, United Nations Children's Fund, International Monetary Fund, Saudi Fund, Organisation for Economic Cooperation and Development, World Food Programme and the United Nations

Development Programme) agreed to provide Madagascar with at least 700 million dollars a year from 1988 to 1990. This sum is more than double the pledges made at the last donors' meeting in April 1986 (see ION No. 230).

About half of these funds will be releasable quickly, and will therefore take the form of budgetary aid. The new funds take into account the seventh rescheduling of Madagascar's debt (on the basis of the same terms as applied before) that is likely to be agreed when the Club of Paris meets next May or June.

With regard to Antananarivo's debt, which totalled 3.2 billion dollars at the end of 1987, several donor countries represented at the recent consultative group meeting in Paris spoke in favour of some lightening of the burden, by means of the "most generous possible terms". Debt servicing without rescheduling will amount to 400 million dollars in 1988. Hitherto Madagascar has enjoyed no special advantages, unlike Mozambique and Somalia, two other eastern African countries which are also crippled by debts. During previous renegotiations, Antananarivo repayments were spread out over eight or nine years, with only a two or three year grace period. The Malagasy minister for the economy and finance, Pascal Rakotomavo, who was heading the Malagasy delegation at the donors' meeting, indicated that he would ask the Club of Paris to agree to reschedule over 15 or 20 years, with a grace period of between five and 10 years. As for interest rates on the new repayments, currently eight per cent on average, the World Bank would like to see them lowered, but it is unlikely that France, Madagascar's leading bilateral creditor, would consent to such a move. However in this respect the country's situation is critical: the interest payments due alone are the equivalent of half the revenue from exports.

In 1987 Madagascar was one of the African states whose net flows of financial aid (new funds minus principal repayments) increased slightly, rising from 140.5 million dollars in 1986 to 164 million. In 1980 they amounted to 360.8 million, but the trend of steep decline between then and 1984 now seems to have been reversed. The World Bank, which is a greater source of aid than France if the value of French technical assistance is not included, has guaranteed Madagascar some 120 million dollars a year for five years.

This fourth meeting of Madagascar's donors was the first of its type since the World Bank and donor nations pledged last December 4 to raise to 6.4 billion dollars their level of aid to those countries among Africa's poorest and most indebted which were committed to a process of structural adjustment (see ION No. 310). Its results are a reflection of the emergency situation in which Madagascar finds itself. Antananarivo can now welcome the fact that others are interested in its fate: the EEC is considering special aid for structural adjustment

(see ION No. 306), and the United States and Japan could also become important creditors. Japanese aid in 1987 amounted to 37 billion yen.

The IMF and the World Bank are particularly satisfied (and they have repeated it on several occasions) with "the impressive progress achieved by the (Malagasy) government in implementing economic policy reforms in the 18 months since the last such (consultative group) meeting". These reforms have comprised stabilising public finances at their 1980 level with the exception of the debt, liberalising external and internal trade and rationalising the banking sector. The donors have also welcomed the success of the rice management programme, including the use of buffer stocks, which has raised the country from heavy dependence on imports to virtual self-sufficiency. However the severe drought which delayed rice planting for three months at the end of 1987 threatens to wipe out part of this recovery. Even so, other facts speak for themselves: in spite of seven stand-by credit agreements concluded with the IMF since 1980, linked to the implementation of a structural adjustment policy, growth has not taken off in a satisfactory manner. It was 0.8 per cent in 1986 and two per cent in 1987, against a population increase of three per cent annually. In 1987 income per head of population was 25 per cent below its 1980 level. Export revenue has fallen by 30 per cent over the same period and the value of imports has slumped by almost two-thirds in real terms.

The steady impoverishment of all levels of the population seems to be increasingly threatening. The looting last year of Asian property in various towns was a reminder, even though at the beginning there is little doubt that it was sparked off by the Malagasy secret service for complex financial reasons.

The failure of the recovery effort also imperils the credibility and future influence of the World Bank and the IMF, not only in Madagascar but in other African countries, at a time when Somalia and Zambia have both broken their agreements with the two bodies. It is to counter this danger that the World Bank will announce a large loan to the Malagasy public sector before next June, in order to finance social programmes including the distribution of rice and medical supplies, primary health services, the care of abandoned children and family planning.

Minister Rakotomavo, in reply to a question from THE INDIAN OCEAN NEWSLETTER on the intended shake-up of the banking sector in 1988 (see ION No. 307), confirmed that the Antananarivo government had accepted the principle of opening up to the private sector and foreign operators, as well as the probable authorisation of off-shore banking (see ION No. 311). The establishment of a "free zone" is being envisaged, to enable Madagascar to use its EEC textile quotas to the full. However many businessmen say that these moves come too late to attract foreign investors who have already been lured away by the newly-industrialised Asian countries and are anxious about the risks of change in Madagascar.

On the question of the value of the Malagasy franc, Mr Rakotomavo would not confirm or deny the possibility of a further devaluation of the currency. It was devalued by 28 per cent in 1986 and by a further 46 per cent in the first half of 1987. However, with the admission of the principle of a floating rate, the minister did not exclude further adjustments, with the hope of "less erratic variations than before". In his opening speech to the donors' conference, he said that alterations to the exchange rate would be used to correct excess demand for imports under the simplified import system (SILI) introduced on February 1 (see ION No. 317).

Meanwhile at the foreign trade level Madagascar's two principal exports, vanilla and coffee, remain for the moment under the control of their stabilisation funds. But a liberalisation of the coffee trade some time in 1988 is not being excluded.

/06091

#### Japanese Gift for Agriculture, Judo

34190070c Antananarivo MADAGASCAR MATIN in French 7 Jan 88 pp 1, 6

[Article by Franck Raharison]

[Text] From tatami to rice paddies, Japan has in recent years contributed financially and materially to Madagascar's development. Again today, the "Country of the Rising Sun" has made yet another such gesture to Madagascar in the form of a nonrepayable gift totaling 3.2 billion Malagasy francs, or 335 million yen.

The gift is distributed as follows: 300 million yen (2.9 billion Malagasy francs) for the purchase of agricultural machinery and pesticides and 35 million yen (332 million francs) to promote judo in particular and other sports in general.

The pertinent documents were signed at a ceremony by Minister of Foreign Affairs Jean Bemananjara and Japanese Ambassador Yoichi Yamaguchi. The two officials could not say enough about deepening Japanese-Malagasy relations in all fields.

Yamaguchi perfectly summed up the spirit and philosophy that should govern North-South cooperation ("Helping the Third World is to help ourselves," President Francois Mitterrand said) or cooperation between an economic power such as Japan and Madagascar: "We largely depend on foreign food products," the Japanese ambassador said yesterday (...). When Madagascar has a surplus of food products in a few years, Japan will increasingly depend on Malagasy production, as is already the case regarding Mahajanga shrimp. "This is how I foresee the increasingly interdependent relations between our two countries," he added. These remarks need no further commentary and should in the future help to cement economic relations between our country and Japan.

Concerning Japan's contribution to food production in Madagascar, the agreement signed yesterday is the ninth of its type since 1979, with a cumulative total of 27.6 billion Malagasy francs (current value). To a certain extent, therefore, the goal of food self-sufficiency by 1990 will be achieved thanks in part to the sustained help of the Japanese Government.

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#### **EDF Official Evaluates Projects**

34190070a Antananarivo MADAGASCAR MATIN in French 13 Jan 88 pp 1, 6

[Text] Concluding an active and fruitful 4-year term as head of the FDF (European Development Fund) delegation in Antananarivo, Jean Cordy is now retiring and going home. However, before his final departure, he met with newsmen to inform them of the results of his mission on the island. At EDF headquarters at 67 Ha. yesterday, Cordy painted an overall picture of the work undertaken by the EDF in Madagascar, but mainly emphasized the work of the Sixth EDF, which program was developed in November 1985 to cover the period from 1 May 1986 to 1 May 1990, and unfinished projects of the Fifth EDF. Cordy thus dwelt on work undertaken during his term in Madagascar and spoke confidently about those programs of which he has such intimate knowledge.

Cordy said that the Fifth EDF program had definitely been completed with the approval, during the final months of 1987, of the Soalala Iron Project (feasibility and cofinancing study for development of the reserve) and that of the development of the Andapa Basin.

Regarding projects included in the Sixth EDF, Cordy noted that 110 million ECU [European accounting units] had been allocated for their completion. However, although the Sixth EDF phase could theoretically not be completed until May 1990, 43 percent of the program had already been committed by the end of last year. Partial objectives have therefore been achieved, Cordy said, thanks to the efficiency of cooperation between Malagasy administrations and the EDF delegation.

He then turned to regional projects (between Indian Ocean islands) signed last year, mainly tuna fishing, which is already being done by means of a chartered trawler, and second, the establishment of an aircraft maintenance center at Ivato. Calls for bids for the latter were issued in February 1987. However, Cordy also mentioned the two projects investigated by the European bank as part of the rehabilitation of SOTEMA [Majunga Textile Company] (3.25 million ECU) and JIRAMA [Malagasy Electricity and Water Company] (15 million ECU for the Energy [numbers illegible] project) and those approved in recent years: financing of repair of a 120-km section of RN4 (Majunga road), support for the establishment of the Antsirabe Management Training

Center and aid for rehabilitation of the Befandriana-Mandritsara rice paddies. Concerning the latter, Cordy observed that during negotiations on the preliminary program, the Malagasy Government wanted 80 percent of the funds allocated by the EDF to go for rural development.

In conclusion, Cordy said that he had found a vigorous determination to achieve development everywhere in Madagascar, particularly in the village communities. Progress on projects is ample reason for satisfaction, he said (including the results of the Mini-Water Projects Operation and the Water Supply Operation in the south). Results achieved everywhere are up to the hopes of the negotiators, he said.

It was on this optimistic note that Cordy bade the press farewell. Following the departure of this official so familiar to the local media, the interim head of the EDF delegation in Antananarivo will be Mr Nieveo.

11464/06662

#### **EDF Aid for Rural Development**

34190070b Antananarivo MADAGASCAR MATIN in French 9 Jan 88 p 5

[Article by Solofo Rakotoson]

[Excerpt] Once again, the FOFIFA (National Center for Applied Research in Rural Development) is in the spotlight in these early months of 1988. After its conclusive experiments with rice growing on the Betsimitatatra Plain, the research center now has new electronic equipment, equipment constituting additional aid from the EEC through its Sixth EDF Program. Cordy, head of the EDF permanent delegation in Madagascar, said that the sophisticated equipment is for the laboratory of the Department of Zootechnical and Veterinary Research (DRZV) of the MRSTD (scientific research).

In his speech, Cordy recalled that under the 1983-1986 Program, Science, and Technology in the Service of Development, Tropical Agriculture Section, an allocation of 80,000 ECU [European accounting units], or 120 million Malagasy francs (in the form of a gift) had been granted to Madagascar from mid 1986 to the end of 1987. This credit was for foreign purchases of laboratory equipment and chemical products.

The ceremony for the presentation of the laboratory equipment in Ampandrianomby yesterday is part of a special operation because, according to the EDF official, it constitutes the beginning of many other achievements to come in the future. "Furthermore, outside of the preliminary program, such action is desired by the European Community in order to promote scientific research and stabilize laboratory exchanges between Madagascar and the European Community," he said.

11464/06662



**Libya, Israel and South Africa Vie for Influence**

34000115 London AFRICA CONFIDENTIAL in  
English 5 Feb 88 pp 3, 4

[Text] Mauritius is in the middle of a diplomatic struggle for its favours. Arch-rivals Israel and Libya, neither of which has diplomatic relations with Mauritius, are both attempting a diplomatic comeback as part of their effort to recover lost interests in the whole Indian Ocean region, where South African influence is also showing rapid progress (AC Vol 29 No 2).

Low-cost labour and the Mauritian government's economic strategy of opening investment to all are part of the attraction.

This international competition to woo Mauritius has led to some juicy scandals. The prime example is Libya, which supplied air tickets costing US\$ 200,000 to fly 70 Mauritians to a youth festival in the Jamahiriya last October. But when the guests got to Libya, there was no youth festival in sight. Instead, they were taken to Tajura military base, seven kilometres from Tripoli, where some were given military training. The ensuing outcry forced the Port Louis government to hold an official enquiry, led by Inspector Busawon of the Criminal Investigation Department. One of the partners in Mauritius' coalition government, Sir Gaetan Duval's Parti Mauricien Social-Démocrate (PMSD), seized the opportunity to push successfully for the advance of Israeli and South African interests.

Libya's attempted comeback is motivated by recent Israeli and South African successes in the Indian Ocean. But it's not only Libya which is upset by this advance. Some Mauritians fear that relations with new Islamic business partners such as Brunei, Indonesia and Malaysia may suffer from the influence of the pro-South Africa lobby. The trade commissioner to South Africa, Michel de Senneville, has been especially effective in securing South African investment. South Africa and Israel are both better-placed than the south-east Asian nations to win support in the government with promises of large-scale investment. In December, an Israeli delegation held talks with the government on reopening diplomatic relations, broken in 1974. After the meetings, Ya'akov Lidar, the Africa representative of the Histadrut, the Israeli labour federation, said the Port Louis government had given no guarantees.

The government had already made a high-profile gesture to South Africa by receiving its external affairs minister, Roelof 'Pik' Botha, following the crash of a South African Airways aircraft 260 kms off the coast of the island last November. Botha spent 35 minutes in conversation with the prime minister, Aneurood Jugnauth.

Libya, too, is playing the diplomatic option. It has new representation at the People's Bureau in Madagascar, its nearest diplomatic mission to Mauritius since the government expelled Libyan representatives in January

1984. The new head of mission is Ibrahim al Jaddy, who will replace Mohammed Wafaa, withdrawn after falling into disgrace for his role in what has become known as the 'Tajura affair'. Sources in Libya describe Al Jaddy as one of the growing number who oppose Libya's military option in foreign policy. A Muslim missionary group, the World Islamic Call Society (WICS), is about to open a branch in Madagascar. The society's Libyan secretary-general is Dr Ahmad al Shariff, a close friend of Al Jaddy. One of their main Mauritian contacts is Eshan Khodurbux, editor of LE DEFI, the Mauritian pro-government newspaper which is particularly close to the Mouvement Socialiste Mauricien (MSM), a partner in the ruling coalition.

This pro-Libyan faction has a rival, led within Mauritius by Hamza Goolbar, a civil servant in the social security ministry. Via his Al Fateh club, he is the local representative of Al Mathabh al thauriya al alamiya (The World Revolutionary Headquarters) and produces a newspaper also called AL MATHABH (HEADQUARTERS). The Al Fateh group backs Libya's military option in foreign affairs. This is hardly surprising, since in Libya, Al Mathabh is the operational arm of the External Security Bureau. Under the supervision of Moussa Koussa (AC Vol 25 No 9), it gives military and terrorist training to Africans and others.

Representing the diplomatic faction, Khodurbux's LE DEFI was noted for its hostility to last year's visit by Shlomo Dayan, the Israeli ambassador to Swaziland. Dayan is due back in Port Louis soon and will be looking for concrete results from his earlier negotiations. One of the results of the talks, claimed LE DEFI before the August 1987 general elections (AC Vol 28 No 19), was a deal between the main opposition party, the Mouvement Militant Mauricien (MMM), and the PMSD. The two parties agreed to work together in government if the election results were appropriate, with PMSD boss Duval as roving ambassador residing in Paris. The pro-Libyan LE DEFI claimed that Duval and the MMM's Jean-Claude de l'Estrac worked out this deal with the Israelis. The paper also attacked De l'Estrac for his contacts with South African investors such as Athos Poulos, who has put money into horse-racing and built a casino in Port Louis, where the local council is MMM-controlled. The South African press has quoted the former MMM leader, Paul Berenger, as saying he is not opposed to South African investment.

LE DEFI is owned by the finance minister, Vishnu Lutchmeenaraidoo. His public position is that Mauritius cannot lay all its hopes at the doors of traditional allies such as the United States or Canada, or the increasingly protectionist members of the European Community, and must open itself to partners such as Libya, Indonesia, Malaysia and Czechoslovakia.

The battle between Duval's PMSD and the left wing of the MSM led by Lutchmeenaraidoo is by no means over. Duval supporters have so far succeeded in preventing

Malaysians investing in the hotel sector. Malaysian businessmen have also been slow to conclude an announced 600 million Mauritian rupee investment in an oil refinery project and Rs. 400 mn. investments in other industries. South-east Asian interest may wilt in the face of competition from such heavyweights as South Africa and Israel. Moreover, government officials are saying privately that the Rs. 900 mn. in loans and investment which Japan offered the prime

minister during his visit to Tokyo late this January is really South African money.

The key decision-maker is Prime Minister Jugnauth. Though his entourage recently declared that Mauritius will follow the African majority on the question of diplomatic ties with Israel, all is left to play for.

/06091

### **Agricultural Experts To Be Trained in China**

34420099a Maputo NOTICIAS in Portuguese  
1 Feb 88 p 3

[Text] A total of 25 Mozambicans will go to the PRC this year for a 6-month technical training course in the field of agriculture under the terms of a cooperation agreement signed by the two countries in Maputo on Thursday. Signing the documents were Camal Meragi, director of international cooperation in the Mozambican Ministry of Agriculture, and He Xiaowei, economic counselor at that country's embassy in Maputo. Present at the signing ceremony were Minister of Agriculture Joao dos Santos Ferreira and Chinese Ambassador Zhang Bao Sheng.

The Mozambican trainees will improve their practical knowledge through direct participation in the production of rice and in irrigation methods. That work will be combined with theoretical courses, which are fundamental to each practical process in the field.

In that connection, Minister Joao dos Santos Ferreira said that the group which is going to China will learn the strategy for combating hunger and adapt it to our country. He also said that the agreement was sanctioned as part of the overall cooperation existing between the two countries.

For his part, Zhang Bao Sheng described the agreement as being one more concrete step toward closer relations of friendship and cooperation between Mozambique and China. At the same time, he announced that a Chinese mission would visit our country next February to work with Mozambican authorities in edjzinvestigating specific new areas for cooperation, particularly in the field of agriculture.

This agreement came about as a result of Prime Minister Mario Machungo's visit to China last November, according to a source in the Ministry of Agriculture.

It should be recalled that another group consisting of 30 individuals was in that Asian country for the same purpose last year.

11798

### **Officers To Be Trained by Spanish Civil Guard Arrive in Madrid**

34480005 Madrid YA in Spanish 12 Feb 88 p 5

[Article by Javier R. Ventosa]

[Excerpt] The 10 Mozambican officers who will participate in short courses conducted by the Civil Guard arrived in Madrid yesterday from Lisbon. They will be trained in anti-terrorist tactics under the framework of a cooperation agreement signed between the Spanish and Mozambican Governments.

The Mozambican officers selected, one captain and nine lieutenants, will undergo a program of instruction at the Civil Guard Training and Specialization Center in El Escorial, though they will complete their training in other centers. The training, which is to prepare them for fighting guerrillas in rural areas, will be held together with military personnel from other Latin American countries.

Antonio Sanchez Jara, general assistant director for Sub-Saharan African Affairs in the Ministry of Foreign Affairs, who welcomed the officers at the airport, indicated that the training is only a small part of Spain's programs in the Front Line States, 'although it may be the showiest'. The 'Matutine' Project, that the Spanish-trained soldiers would protect, is aimed at agricultural production in the Maputo River valley. Due to the insecurity caused by the guerrillas, 'we thought about defending the work of the agricultural experts.'

Responding to newsmen, Sanchez Jara referred to a recent article in the British publication THE ECONOMIST, to point out that Mozambique, presently immersed in a civil war, 'is clearly a Western country, now more than ever'. The official said that the death of President Samora Machel had initiated, in 1984, a turning to the West, 'which was confirmed subsequently by President Chissano.'

### **New Passenger Ship From Libya To Link Maputo, Pemba**

34420099c Maputo NOTICIAS in Portuguese  
9 Feb 88 p 8

[Text] The maritime transportation service now has one more passenger ship. It will link the ports of Maputo and Pemba, with stops in Quelimane and Nacala. The ship in question was turned over to our country yesterday by the Libyan Government. The start of service by this new unit, which will be used along with the Estrela do Mar, will mean a further improvement in passenger and freight transportation.

NOTICIAS was told by a source associated with the transaction that the ship, which is Portuguese in origin and is named the Ponta Delgada, can carry 350 passengers and 200 metric tons of cargo.

During the ceremony for delivering the ship, the deputy minister of transport and telecommunications, Rui Lousa, said that the ship constituted a great contribution by the Libyan Government toward alleviating the Mozambican people's transportation problems. He added that Libya's action was a continuation of the friendship and solidarity existing between the two friendly peoples.

As was revealed by Rui Lousa during the ceremony, the ship *Estrela do Mar* has carried 28,000 people during its 11 months of activity along the Mozambican coast, particularly by providing service in both directions between Maputo, Inhambane, and Beira.

For his part, Libyan diplomat Mohamed Ahmed al-Amay said that delivery of the ship constituted Libya's response to Mozambique's situation, particularly in the area of transportation.

The diplomat reaffirmed that it was his country's duty to support its brothers in the southern part of the African continent, who are suffering the direct effects of apartheid.

NOTICIAS was told by the captain of the *Ponta Delgada*, Julio Manuel Guimaraes, that his ship would remain in service in our country during the period agreed on by the Mozambican and Libyan Governments. "I feel proud to be working for a people with whom we share a common past," Guimaraes emphasized.

The *Ponta Delgada*, which has been in service since the 1960's, carries a Portuguese crew of 15 men. It will operate in our country for 6 months to begin with, but there is a possibility that the contract will be extended, according to a source in our country's government.

11798

#### **Canadian Group Helps Set Up Green Zones in Chimoio**

34420099b Maputo NOTICIAS in Portuguese  
3 Feb 88 p 8

[Article by Filimao Saveca]

[Text] Chimoio—Thanks to financing from the CUSO [Canadian University Service Overseas], a Canadian nongovernmental organization, three projects for setting up green zones in the city of Chimoio have been under way since last September. The projects are aimed basically at eliminating hunger and diversifying the diet of the citizens.

Financing for the projects now totals 60,700 Canadian dollars distributed as follows: 37,000 Canadian dollars for the project involving the Chissui Valley Peasant Women's Association—which is responsible for producing rice on an area of 90 hectares—5,000 Canadian dollars for the purchase of spare parts with which to repair the tractors belonging to the Eduardo Mondlane Agricultural Cooperative, and 10,000 Canadian dollars for the Duck and Rabbit Breeders Association, which will have 100 ducks and 30 rabbits in its first phase.

The remaining 8,700 Canadian dollars being donated for green zones in the city of Chimoio are being used to set up the Vegetable Producers Association on an initial area of 20 hectares in the communal neighborhood of Agostinho Neto on the outskirts of the city.

In the words of Etelvino Vasco, director of green zones for the city of Chimoio, those projects are being carried out in small-scale associations precisely "so that we can take maximum advantage of the potential of the green zones and enable them to combat hunger effectively as their prime purpose." And not only that, but "also in order that the money donated by that organization can in fact benefit the population of this province and, in particular, the peasants in the city of Chimoio, who are still working in a dispersed manner."

The Chissui Valley Peasant Women's Association has 550 members, of whom 470 are women—hence its name, since most of the members are women. Its members are currently engaged in sowing rice.

In addition to the spare parts for tractors belonging to the Eduardo Mondlane Agricultural Cooperative, the CUSO is going to buy plows and the related discs for the same collective.

The other associations have also started their activities, including the construction of cages for ducks and rabbits and the clearing of land for vegetable production in the communal neighborhood of Agostinho Neto.

The money earmarked for the Chissui Valley Peasant Women's Association and the Vegetable Producers Association is being used to buy field tractors and agrochemical products, while that intended for the Duck and Rabbit Breeders Association will be used to buy cement and other necessary building materials in neighboring Zimbabwe.

#### **Drought and War Jeopardize Agricultural Plans**

In the last agricultural season, drought seriously affected 63 hectares of corn in the city of Chimoio's green zones, while the plague of lizards [as published; possibly caterpillars intended] devastated another 25 hectares of that same crop.

For its part, the war of destabilization is creating troublesome situations in the city's green zones "because what is happening at the moment is that fertile land is being occupied by displaced persons coming from the neighboring districts to escape the atrocities of the armed bandits, and this is steadily reducing the scope of our activities," said Etelvino Vasco, director of green zones in the city of Chimoio, as he discussed the situation being caused by the country's destabilization.

He added that steps had been taken to check that exodus by peasants.



The same source also said that 53 displaced peasants had received an equal number of plots of fertile land last September for agricultural production and that they had also received factors of production.

For this agricultural season, the green zones of the city of Chimoio have plans for planting over 1,520 hectares in various crops, chiefly irrigated corn and sorghum.

Discussing the irrigation capacity of the green zones, Etelvino Vasco told us that 38 dams and 7 reservoirs have existed for quite some time and that some of them are in full operation, while others have come to a standstill because of drought and the lack of a few spare parts.

Concerning the electrification of a few regions where electricity is available, the director of green zones in the city of Chimoio told us only that "Rio Tembue has had energy since 1985, but it is benefiting only a minute number (specifically, two farmers), whereas the Eduardo Mondlane Agricultural Cooperative, which is located within the area where electricity is available, is being left out with no plausible explanation."

11798

### **Rains Bring Hope to Inhambane Agriculture**

34420099d Maputo NOTICIAS in Portuguese  
9 Feb 88 p 8

[Article by Bento Niquice]

[Text] The rains which fell on the city of Inhambane and its surrounding area at the end of January are reviving hopes of improved levels of agricultural production in the belt surrounding that city. This is occurring at a time when party and state structures at the local level are assigning priority in their activity plans to mobilizing the inhabitants for production and training them for self-defense.

The markets in the city of Inhambane had almost no vegetables for sale at the end of last year, but over the past few days they have again been offering a relatively good supply of farm produce, green beans, eggplant, sweet potatoes, cacana, and cabbage (which is grown at all seasons of the year), among other products.

Meanwhile, the vegetative state of crops in various corners of the city of Inhambane's greenbelt looks rather promising—so much so that this hope is being attributed to the rains that have been falling regularly over the past few days.

To ensure a better yield, work has been under way since last year to subdivide and distribute land to the city's inhabitants, with priority going to persons displaced from various parts of the province by war operations and the drought.

"Our objective is to try to keep displaced persons from crowding together in the city. We want people to do something to help in the various programs being carried out by the government to assist the needy," explained Marcelino Ferreira, first secretary of the City of Inhambane and chairman of the People's Assembly at that level.

According to that official, the first parcel of land, with an irrigation system backed by eight motor pumps, is already operating in the Salela neighborhood about 7 km from the center of the city of Inhambane.

The irrigation system covers an area of approximately 300 hectares of parceled-out land. It is being used by hundreds of peasants who are operating their farms under the family system. Most of them were displaced from surrounding areas.

### **Animal Production**

At the same time, the production of small animals is another priority activity for the current year.

This program, which began in mid-1985, is already showing such significant progress that hog growers, for example, are beginning to experience difficulty in finding a market for their products.

A very recent episode illustrating that fact occurred during the yearend holiday period, when pork had to be sold for between 500 and 800 meticals rather than at the official price of 1,500 meticals.

The intention is to ensure that the relative abundance which exists in the case of pork will also exist with such other species as rabbit, duck, and chicken.

In the specific case of rabbit, the Inhassane-Ramalhosa Agricultural-Stockraising Enterprise is playing a motivating role by selling pairs of rabbits for reproduction. Last year alone, 500 animals were sold for reproduction to the inhabitants of the cities of Inhambane and Maxixe.

The establishment last year of a small unit for the production of various kinds of artificial animal feed is pointed to as an event which may provide a new stimulus to animal production in the city of Inhambane in 1988.

"It is true that the enterprise is not going to solve all the problems or even meet all the needs. But we feel that to some extent, it will alleviate the shortage of feed which our city has been experiencing in recent years," we were told by an official at the Stockraising Department in the city of Inhambane.

#### **Fight in Order To Produce**

According to Marcelino Ferreira, a number of actions are now under way to incorporate displaced persons into training activities for self-defense as part of the Program for Defense and Territorial Security.

Brigades consisting of members of the party and the democratic mass organizations are working in various neighborhoods of the cities of Inhambane and Maxixe to locate, identify, and select displaced persons for inclusion in paramilitary training.

The intention is to induce displaced persons to return to the areas they came from, where they will be able to guard against and defend themselves from onslaughts by the enemy once they are trained.

The Provincial Center for Conscript Training, which was recently established in Inhambane, can play an important role in that self-defense activity.

Concerning those activities, Marcelino Ferreira explained: "It is important for all the inhabitants to accept the fact that we cannot produce without defending ourselves. It is equally imperative that we realize that the important thing is not to flee, since doing so means giving the enemy an open path and room to maneuver so that he can attack us better."

11798

**Separatist Movement Resurfaces**

34190095P Dakar WAL FADJRI in French  
26 Feb 88 p 5

[Text] There's a Worm in the Fruit

A little more than a month after Abbe Diamacoune, said to be the brains of the Casamance separatist movement, was freed, the latent southern irredentism has resurfaced. As of the beginning of the month, 25 people have been arrested for their support to the independence movement. Without a doubt, financial support.

Among these are four policemen, two Army noncoms and three police sergeants. Add to that a former guard close to the president of the Republic. It goes without

saying, there's a worm in the fruit. It remains to be seen whether it's there to stay. We recall that the last big attack of the separatists on the village of Ziguinchor, which had an official count of 20 dead in December, 1983 was led by a retired army noncom. Keeping in mind also that in June, 1987 the military was attacked by armed people in the Kolda region. The skirmish would end with the death of an Army lieutenant.

These 25 people who were arrested, all of the Diola ethnic group, have already had a hearing on 6 February and have all been transferred to Dakar where they are imprisoned. Policemen, noncoms, and police officials will be prosecuted in court for the reestablishing of a banned organization and attacks on state security.

## POLITICAL

### KwaNdebele's Senior Magistrate in Detention

34000444c Johannesburg WEEKLY MAIL in English  
19-25 Feb 88 p 1

[Article by Vusi Gunene]

[Text] The latest victim of detention in KwaNdebele is the territory's senior magistrate, MJ Mahlangu, who has been accused of supporting "people's courts".

Also in detention is a former school circuit inspector, Elias Seaphi Matjiu, who is accused of "non-participation in the homeland's independence", according to his lawyers, Matlala, Mahlangu and Partners of Pretoria.

Matjiu, now a businessman, taught almost all of KwaNdebele's cabinet ministers.

Former MP and local businessman, Charlie Skosana, is also in detention, accused of "non-participation in the homeland's independence", according to the attorneys.

All detentions are being challenged in the Pretoria Supreme Court.

The detention of the magistrate is due to be challenged next week in the Pretoria Supreme Court following an unsuccessful application for his release by his attorneys.

He was first detained on December 17, 1987 after he was allegedly abducted by KwaNdebele police at Nebo, in the Northern Transvaal.

His lawyers filed an application for his release, citing his detention as "illegal and unlawful". He was immediately released—only to be redetained 18 hours later under Emergency regulations.

Lawyers filed fresh papers in the supreme court challenging his detention. This case is due to be heard on Monday.

Mahlangu had fled KwaNdebele during the upheavals in October 1986 after he had refused to be partisan in the debate over KwaNdebele "independence".

People accused Mahlangu of being a leader of the "comrades" under the name of "Nomavovo" and of having supported "people's courts".

Reacting to the accusations in a sworn affidavit, Mahlangu said: "These allegations are outrageous and vicious lies without any emblem of reality and are utterly and entirely fictitious without even the smallest relationship to facts."

/06091

### CP Spokesman Supports Continued Partition

34000444a Johannesburg THE CITIZEN in English  
10 Feb 88 p 12

[Article by Brian Stuart]

[Text] Cape Town—Blacks would not be able to buy land in "White South Africa" in terms of Conservative Party policy, Mr Clive Derby-Lewis, MP and chief CP spokesman on economic affairs, told an international underwriters' conference in Cape Town.

Asked to speak on the CP attitude to whether South Africa should be a unitary state or a federation, Mr Derby-Lewis said neither alternative was acceptable to the CP, which saw political partition as the only practicable solution in the African context.

Other African countries showed that the unitary system was unworkable, as the Black groups did not constitute a homogenous whole, but were separate tribes and nations.

A federal system gave executive authority to a central administration, which was also unacceptable. In South Africa, which could comprise say 13 states, it would be possible for less-developed states to manipulate the system to get a bigger slice of the tax allocation than the more developed White, Coloured and Indian states.

The CP saw the answer in partition, with a confederation holding together the common interests of the independent, autonomous states.

In the CP model the Black urban areas would be linked to the respective autonomous states, which would be responsible for such services as health, education, posts and telecommunications and law and order in these areas.

These urban areas would express their political aspirations through the autonomous Black states.

Asked whether the CP would allow Dr Nthato Motlana to buy land in the White area, Mr Derby-Lewis said that in the same way as Chief Mangosuthu Buthelezi refused to allow Whites to buy land in his country, so the CP would not allow Blacks to buy land in White South Africa.

He was also questioned on how the CP would overcome the problem of land distribution, with the Whites owning 87 percent of the land.

Mr Derby-Lewis said 54 percent of the arable land in South Africa was already within the independent or self-governing states, but provided for a meagre seven percent of the agricultural output.

More fruitful use had to be made of the existing land before any consideration could be given to increasing the overall area.

Mr Derby-Lewis said that all such additional land would have to come from Whites, and he questioned whether people from other countries would be prepared to "give away" their fatherland.

The conference is being attended by more than 300 underwriters from South Africa, Australasia, North America and Europe.

/06091

### **Alexandra Township Activists Debate Participation in Elections**

34000446a Johannesburg *BUSINESS DAY* in English  
18 Feb 88 p 2

[Article by Sipho Ngcobo]

[Text] Alexandra township political activists are thinking of participating in the forth-coming October Municipal elections, if the community approves.

This has been disclosed by former members of the now-dissolved Alexandra Civic Association (ACA).

The activists, all of whom are respected members of the Alexandra community, asked not to be named as the matter was still being discussed and was still under scrutiny by other activists.

"This is not official and we think it will only materialise if the people give us a green light," the activists said.

They described the shift in their policy as a "matter of strategy", and said by participating in the council, they would be able to solve a lot of problems in the township.

"We have a lot of problems that no one is solving. We want to do things our way and if we operate from within that would not be difficult to achieve," they said.

However other activists described the new approach as "a grave blunder and a disgrace to the fight for freedom" but said they would wait until they are approached about the new strategy.

Alexandra is presently run by administrator Steve Burger after the 1986 resignation of councillors following a wave of unrest in the township.

/06091

### **Cameraman Gives Evidence at Crossroads Case Trial**

34000446b Johannesburg *WEEKLY MAIL* in English  
19-25 Feb 88 p 15

[Article by Gaye Davis]

[Text] Shadowy images of what looked "very much like the inside of a Casspir" are all that remains of footage filmed by television cameraman Craig Matthew in Cape Town's KTC squatter settlement during June, 1986.

There was no possibility of his accidentally destroying his own film, Matthew told the Cape Supreme Court.

"The process of actually wiping that tape from beginning to end takes a very conscious effort of rewinding the tape, putting it on play/record and for a period of 22 minutes actually sitting and wiping the tape," he said.

Matthew, employed by Worldwide Television News, was giving evidence at the resumption of a trial in which the Methodist Church in Africa and 21 KTC families are suing the minister of law and order for R312,000 damages.

Depending on the outcome, another 3,198 squatter families might bring similar, pending, suits—totalling more than R5-million—against the minister.

The claims all hinge on the allegation that the South African Police caused the destruction of squatter camps in the Old Crossroads complex during May and June 1986 either by taking part or by doing nothing to stop witdoeke vigilantes from razing thousands of shacks.

Matthew said his camera was seized by police soon after he and his soundman, Vernon Matzopoulos, were arrested in KTC, where they had been filming witdoeke vigilantes "moving in a very methodical way, burning more and more shacks", while police in Casspirs did "absolutely nothing" except patrol slowly alongside them.

While they were being arrested, several witdoeke were standing metres away with "bottles filled with petrol, pangas and axes".

When they queried their arrest, they were sworn at and threatened with violence, he said. A number of policemen seized him and started to bundle him into the back of the Casspir.

The policeman who appeared to be in command wore neither insignia of rank nor the standard name-tag and requests for his name and rank were "either rudely turned down or he ignored us", Matthew said.



On arrival at Manenberg police station he was punched and his camera roughly taken from him and thrown onto the Casspir's back-seat. Matthew spent the night in a police cell (charges against him were later dropped) and his soundman collected his camera, which was still lying on the Casspir's seat.

But when it was played back, the tape was blank.

On his arrest, another cameraman was called in to replace him. His name was George D'Ath, and he was later to die of injuries received when he was attacked—allegedly by witdoeke—in KTC.

While D'Ath was still fighting for his life in hospital, Matthew—who has yet to be cross-examined by counsel for the minister—collected his equipment from the Guguletu police station.

He found a great deal of D'Ath's footage consisted of a freeze frame. To his knowledge, it was "impossible" to achieve this "without actually going to an editing suite and doctoring that tape", he told the court.

Other evidence this week included that of Guguletu Day Hospital superintendent Dr John Frankish, who told the court how police tipped the bodies of two dead men off stretchers into a Casspir, where they landed with a "thud"—drawing cries of outrage from people who had gathered.

/06091

#### **Homelands Burden on Taxpayers Expected To Increase**

34000444b Johannesburg BUSINESS DAY in English  
24 Feb 88 p 1

[Article by Patrick Bulger]

[Text] SA's elaborate homeland structure is costing the taxpayer at least R5bn a year and this could rise to almost R6bn in the coming financial year.

The figure represents an increase of R1.5bn over the 1986/87 financial year, when the South African taxpayer contributed R3.5bn in direct grants to the 10 homelands.

Part of the aid hike stems from a 60 percent increase in the Department of Foreign Affairs budget last year—most of which was spent providing R1.874bn to the TBVC "independent states" of Transkei, Bophuthatswana, Venda and Ciskei.

Disclosures of increased homeland spending come in the wake of allegations of widespread corruption and mismanagement of funds in the homelands—allegations backed up by two commissions of inquiry in the Transkei and charges of corruption in Bophuthatswana when rebels attempted to overthrow the government of President Lucas Mangope.

PFP finance spokesman Harry Schwarz said yesterday Foreign Affairs Minister Pik Botha told Parliament he regarded a 10 percent wastage as acceptable by African standards—a cost to what he called "leergeld" (learning money).

He criticised the lack of control over development funds.

According to figures released by Foreign Affairs director general Neil van Heerden yesterday, 86 percent of the Foreign Affairs budget goes to the TBVC states.

"This is funded from Programme 3: Foreign Aid and Development Co-Operation," Van Heerden said.

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#### **Development Aid Figures to Independent Homelands Released**

34000446c Johannesburg BUSINESS DAY in English  
24 Feb 88 p 10

[Article by Patrick Bulger]

[Text] South Africa's Department of Foreign Affairs (DFA) will provide R1.874bn in "development aid"—largely to the "independent homelands"—and spend R61.7m promoting SA's image abroad this financial year, according to figures released by Director-General Neil van Heerden.

He was responding to a series of questions put to him on the use of DFA funds worldwide. In particular, he was responding to criticism that large sums were being spent on lobbyists in foreign capitals.

Of the R2.176bn allocated to DFA in the 1987/88 financial year, 86 percent—or R1.874bn—was earmarked for "development aid" spending.

"This department is the main instrument through which government provides development aid to the TBVC states and other independent states," Van Heerden said.

The second main DFA activity is "communications," which took up R61.7m of the 1987/88 allocation. The rest of the DFA budget is spent on conventional diplomatic activity.

In the category "development aid," the expenditure breakdown is:

—"Manpower provision"—R49,343,000—which is spent on the salaries of about 1,300 officials seconded to "developing states in Africa," on training programmes and on bursaries;

**"Viability"**

—"Project aid"—R119m—which is funded from the Economic Co-Operation Promotion Loan Fund "and is given strictly on a project-by-project basis after a thorough appraisal of the viability of each of the projects," of which there are 124;

—"Budgetary aid"—R1.375bn—"to enable the TBVC states to maintain certain essential services.

"The amounts are calculated after an analysis of their sources and applications of funds, taking into account what it would have cost SA to provide the same services if the states in question had not become independent";

—"Action programme job creation"—R29m—for creating jobs in hard economic times in the TBVC states;

—"Incentive schemes for industries"—R57.4m—in terms of which the TBVC states are compensated rand-for-rand for all expenditure. Since April 1982, 277 industries had been set up, providing 37,500 jobs;

—"Flour subsidy"—R16.3m—which goes to the Wheat Board "for subsidies indirectly paid to bakers in the TBVC states";

—"Technical aid and other assistance"—R13.5m—spent on administration, defence, health and agriculture at the request of "other governments"; and

—"Tax transfers"—R212m—which compensates the TBVC states for taxes collected from their citizens employed in SA.

The DFA's second main area of spending is "communications," where the breakdown is:

—"Foreign Missions' Communications Programmes"—R13.918m—which includes exhibitions of SA flowers, books, fashions, stamps and other goods, as well as conferences and seminars;

**"Visitors"**

—"Radio RSA"—R21.754m—which broadcasts 210 hours weekly to the UK, Africa, the Middle East, the US and South America;

—"Guest programmes"—R4.421m—spent on hosting 1,029 "influential foreign visitors" during the 1987/88 financial year;

—"Professional services, including advertisements"—R6.704m—for advertisements in foreign publications, including an "advertorial" interview with DFA Minister Pik Botha in the London Financial Times;

—"Audiovisual services"—R1.066m—which includes videos on SA shown by 32 foreign missions to more than one-million people in the 1986/87 financial year;

—"Publications"—R13.877m—for distributing three-million copies of "Panorama," seven-million copies of "SA Digest" among the 11-million publications distributed, two-million of which go to African countries.

Van Heerden justified the expenditure, saying: "While we reject interference in our internal affairs, international communication is essential for diplomacy and to develop understanding of SA.

"There is no easy way to do this without spending money in the process. The US and many other countries have governments responsive to public opinion and perceptions, and so we try to influence those.

"In other countries, the public is of lesser importance, and what funds we do spend are directed more towards diplomatic channels to influence government as opposed to the public."

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**MILITARY**

**USSR Allegedly Seeking Information on Cheetah**  
*34420110 Lisbon O DIABO in Portuguese*  
*23 Feb 88 p 13*

[Excerpt] South African military sources believe the USSR has infiltrated in its territory a commando squad (Spetsnaz), with the objective of capturing one of Pretoria's new combat planes [as received], the Cheetah. It is not known if the USSR is interested in obtaining information on the Cheetah in order to apply it to counter-measures in Angola.

**ECONOMIC**

**Government Panel To Police Company Takeovers**  
*34000442c Johannesburg BUSINESS DAY in English*  
*23 Feb 88 pp 1, 2*

[Article by Heloise Henning]

[Text] A takeover panel with statutory teeth is on government's agenda and legislation will probably be passed in the current parliamentary session.

Proposals now before Minister of Trade and Industry Danie Steyn also recommend the panel should have powers to investigate insider trading, which would require changes to the Companies Act.

The independent panel would consist of up to 15 members and have powers over listed and unlisted companies.

A controversial change of control on the Wit Nigel mine has brought to the fore the current lack of JSE policing powers. The JSE is, however, investigating a complaint lodged by minorities who were excluded from a favourable takeover bid by Joe Berardo's Johannesburg Mining and Finance Corporation (JMF).

Chairman of the Standing Advisory Committee on Company Law Mr Justice Margo said yesterday the committee had drafted legislation which he hoped would be accepted in its entirety after the committee's submission was viewed favourably by Steyn late last year.

The panel has been modeled on the City of London takeover panel, but the SA drafters believe the proposal for statutory powers will overcome the London panel's lack of teeth.

"It should have certain administrative powers, without usurping the function of the court of the Attorney General.

"It would energise investigation, pursue prima facie evidence and have the power to subpoena witnesses and call for documents," said Margo, who recently became a non-executive director of JMF.

The advisory committee has recommended the American model of legislation on insider trading be adopted. It follows a decision of the US Supreme Court on identifying the insider trader who improperly uses information to go into profit. Insider trading is a highly esoteric issue and we are going to have to close some of the loopholes in the Companies Act. The Attorney General would also need guidance in policing insider trading." [quotation marks as published]

JSE President Tony Norton, who is also a member of government's advisory committee, says the need for the legislation has become urgent. The JSE's power to regulate takeovers had not been amended in anticipation of new legislation after the committee's initial recommendations in 1985.

"Clearly we have blunt and inadequate tools at our disposal. Our rules for takeovers and minorities are less comprehensive and copious than those of the City of London.

"Our rules were drafted for a different environment. Shuffles within controls assumed there was a bona fide case and our rules bear the mark of a dated fashion."

For instance, the JSE had no current power to force the vendors of power to make a public offer on takeover.

"And it has not mattered because takeovers have so far not been contested. But once you get an emotional issue, you need powers which we do not have.

"The Wit Nigel case has to be taken seriously and we are waiting for material submissions from minority interests."

Norton is hopeful the bill will soon be passed to relieve the JSE of the "unfair burden" it is bearing as a "custodian for minorities lacking power."

He says the JSE "is not ducking its responsibility" but that it does not have the power or sanction to participate in takeover issues.

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### **Car Imports Threatened by Possible Japanese Limits**

34000442b Johannesburg BUSINESS DAY in English  
19 Feb 88 pp 1, 2

[Article by Mick Collins]

[Text] The possibility of a Japanese limit on trade with SA went a step further yesterday with a threat by Nissan and Toyota to curb exports following government pressure.

The move would hit the import of complete knock-down kits (CKDs), which were Japan's top export item to SA last year and accounted for 40 percent of all goods imported from that country. The CKDs comprise top-of-the-line models for both car manufacturers locally.

The threat, which caused a flurry of activity in SA car manufacturing circles, follows a dispute between the Ministry of International Trade and Industry (MITI) and the Foreign Ministry over measures applied to Japanese firms to get them to restrict their SA business.

The Foreign Ministry is known to be unhappy about Japan's position as SA's top trading partner and is worried by US charges that Japanese firms are filling the gap as American companies pull out of SA.

A Nissan SA spokesman said: "It's something we are witnessing worldwide—started by the US trade ban—and it's not only motor vehicles which are involved. But we are not too concerned at this point.

"What is important is that we look at the way in which any restrictions are applied. As we have not heard directly from Japan, I feel at this stage it is too early to comment."

A Toyota SA official said the company had not been told of any limitation on imports but was trying to "get through" to Tokyo for clarification.

"We haven't been notified by the Toyota Motor Corporation in Japan of any impending changes. If there are any we will issue a media statement as soon as we establish the official policy on exports."

Earlier yesterday, Reuters reported a Japanese Toyota official as saying: "Toyota will act prudently in exporting to SA."

But, the spokesman said, it was impossible to say whether exports would be kept at or below last year's level.

Nissan Motor Corporation was said to be also considering limiting exports of CKDs, a company spokesman said.

Tokyo became SA's top trading partner in 1986 and in 1987 trade reached R8.5bn—up 19 percent on 1986.

Last month, the Foreign Ministry called on Federation of Economic Organisation members to act with caution in view of the expanding trade between the two countries.

MITI argued that existing sanctions, including a ban on some computer exports and an import ban on iron and steel, were sufficient.

The ministry recently asked members of the Japan Automobile Manufacturers Association (JAMA) to limit exports, which accounted for a hefty chunk of Japan's total sales to Pretoria, the Toyota spokesman said.

A MITI official said there had been no change in the ministry's basic position and said there had been no specific requests to the association or its members.

But, he said, ministry officials had informally suggested that all exporters give serious thought to the issue.

Japanese car makers exported 206,130 vehicles, nearly 20 percent more than in 1986. Toyota and Nissan alone exported 134,700 kits last year.

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### **Nuclear Workers Affected by Privatization Plans**

34000440 Johannesburg THE STAR in English  
16 Feb 88 p 16

[Article by Martin Challenor]

[Text] A group of skilled white artisans at the Atomic Energy Corporation's Pelindaba complex say they are angry and frustrated with the delays in finalising plans to sell off part of the plant to private enterprise.

The AEC last year retrenched about 330 people as part of its rationalisation programme. About 660 more resigned, partly influenced by the uncertainty over the rationalisation moves, AEC's chief executive Dr J.W.L. de Villiers confirmed yesterday.

Pelindaba is the centre of nuclear research in South Africa.

The first section to be sold will be a high-precision plant housing some of the equipment used in the manufacturing of separating elements needed for the uranium enrichment process.

For the past year it has been run as a separate business unit, known as Prima, within the AEC. It has a staff of 500 and a turnover of R30 million a year.

Some of the skilled artisans in the plant said that for the past 18 months they had been waiting for the AEC to carry out its plans to convert the plant into a private company.

The artisans say their former colleagues received retrenchment packages of between R60,000 and R300,000.

The employees still working are to be paid out for the State benefits they will lose, such as special leave, when they fall under the new private firm.

They complain, though, that each time the deadline nears for privatisation, it is delayed.

"We want our money now. There are always meetings but nothing ever happens. They are not playing the game with us. Our problem is that we do not have unions we can go to," says one of the workers.

"All the other guys got their money. Now the guys here are quarrelling among themselves. We just feel the outside world must know about this. There are many jobs outside that we could take but we are scared that days after we resign they will pay out the money we have waited for so long."

Dr De Villiers said: "Unique skills and technology are vested in the group's employees. The success of the venture is mainly dependent on the retention of staff and their willingness to support the venture."

### **Terms and Conditions**

"The AEC cannot afford to lose these skills and will negotiate with the employees to establish reasonable terms and conditions for their transfer to the private company. [quotation marks as published]

Dr De Villiers says Prima is involved in the manufacture of high-quality, high-precision products and precision machinery for the automatised production of precision products and components.

Dr De Villiers said privatisation took time. AEC had conducted a programme of rationalisation and restructuring of its activities in the past two years, based on a business orientated approach.



AEC is running Prima as a separate business and with private sector help. Products have been diversified to penetrate a larger sector of the market on a commercial basis.

Eventually a separate company with its own board of directors will be formed, to be financed by loans and share capital. AEC could retain the majority shareholding, but all forms of subsidy would end.

When the company functions independently and profitably, shares will be offered for sale.

Dr De Villiers said AEC was now Prima's main client but major market diversification had been achieved.

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### **Survey: Poor Labor Productivity Threatens Standard of Living**

34000442a Johannesburg THE STAR in English  
23 Feb 88 p 4

[Article by Michael Chester]

[Text] South African standards of living, in retreat in recent years due to inflation and recession, have come under new threats because of poor labour productivity.

The National Productivity Institute (NPI) has issued warnings in a new survey of world trends that the inflation rate and the international rand exchange rate will worsen unless there are dramatic improvements in performance inside the manufacturing industries in particular.

The warning comes as a caution to growing optimism in many economic forecasts about the prospects of curbing inflation and holding the rand on a stable plateau on world currency markets.

The NPI economics department voices shock and alarm over the findings of a "Productivity Focus" survey that compares the economic performance of South Africa with trends overseas, especially among key international trading partners.

It said it was dismayed to find that while wages in the manufacturing sector rocketed by no less than 352 percent since 1975, labour productivity has crawled forward by a mere 18.5 percent.

The result has been that unit labour costs have soared by a staggering 282 percent—in stark contrast with an actual 3 percent decline in Japan over the identical time span.

The increase in the average labour cost of each unit produced by manufacturers in South Africa was more than seven times higher than in West Germany, nearly five times higher than in the United States and almost double the rise in Britain.

South Africa's meagre 18.5 percent increase in labour productivity compared with jumps of 35.6 percent in America, 45 percent in Germany and Britain—and as much as 92 percent in Japan.

### **Per Capita Output Drops**

Because of the aggravation of a population explosion and unemployment problems, South Africa's output per capita now stands at only one-sixth of Switzerland's, one-fifth of America's, a quarter of Britain's.

Moreover, the comparison is worsening. The South African figure is actually shrinking—at an average annual rate of 2.1 percent—between 1981 and 1986, in which time output per capita in Taiwan was growing at 6.3 percent a year.

The NPI economics department warns: "Should the productivity, wages and labour cost trends continue to prevail, the rand can only depreciate more and more.

"There will also be even bigger threats to inflation as prices of imports will become much more expensive."

One of the most alarming features of the South African economy between 1981 and 1986 was that overall employment levels remained almost static while the total population increased on average by 2.6 percent a year, compared with only 1 percent in the US, 0.6 percent in Japan and no more than a marginal 0.1 percent in Britain.

Aside from the tremendous pressures caused by the population explosion, a poor productivity track record had to carry much of the blame for the predicament of low economic growth.

On average, the economy grew by a mere 0.5 percent a year between 1981 and 1986, when studies showed it needed to expand by at least 3.7 percent a year even to achieve the ambition of lifting living standards by a meagre one percent a year.

While South Africa neglected the productivity component in the generation of economic growth, the survey found that many overseas trading partners gave productivity credit for as much as 60 percent of overall expansion.

Unless trends in productivity/wages patterns improved, South Africa would find it more and more difficult to compete on overseas export markets.



The NPI says: "In fact, it would appear that South Africa no longer has to worry about sanctions for she is in any case, via wages policies, pricing herself out of international markets."

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**Alusaf First in Government Privatization Drive**  
34000443a Johannesburg *BUSINESS DAY* in English  
23 Feb 88 pp 1, 2

[Article by Mick Collins]

[Text] Government's Industrial Development Corporation (IDC) is to privatise Alusaf, its giant R500m aluminium smelting facility at Richards Bay.

The surprise announcement makes Alusaf the first candidate in government's privatisation drive, ahead of other IDC holdings and parastatals like Eskom or Iscor.

It follows hard on the heels of President P. W. Botha's new economic package for SA in which he specifically referred to certain IDC holdings (Foskor) which would be privatised.

While this focused attention on Foskor, IDC CE P.J. "Koos" van Rooy told *BUSINESS DAY* yesterday that top-level, secret talks about Alusaf were held with the private sector early in December 1987.

"We asked private parties to come and talk. These included some quoted companies. We invited bids and all we are waiting for now is to see what shape some of these offers take."

He said it had been decided some time ago that Alusaf, which has an annual turnover of R600m, was "ripe" and that control should be passed on to the private sector. No official date had been set for the privatisation.

Van Rooy would not be drawn on which private sector companies were interested in Alusaf, saying the issue was "too sensitive".

"Alusaf has been one of our bigger investments. Talks will continue over the next few months, but of all our holdings, Alusaf will be first to be privatised."

Asked if the privatisation move would automatically mean a listing on the JSE, senior IDC GM Malcolm Macdonald said the listing could take a little more time as the market was depressed.

"It could also be in some other form (merger), but this would be our intention. The results for the company have improved substantially. Prospects appear good provided international metal prices remain at reasonable levels."

Macdonald said recent major expansion at the Richards Bay plant had doubled capacity.

"So now it's reached the stage where we feel we can transfer control of the company on to the private sector. Admittedly the stock market is depressed and we may have to wait for a suitable moment. Launching into a bear market would be suicide, so we will bide our time."

"There is a lot of interest out there, both in the industry and in the market. As soon as we feel it opportune we will go ahead. Alusaf will definitely be the first of our companies to be listed. Initially, we may hand over to the private sector and delay the listing but it will eventually happen."

Alusaf, which has a staff complement of 2,800, exports about 50 percent of its annual production of 170,000 tons of aluminium.

The IDC has controlling interest in four major companies—Atlantis Diesel Engines, Alusaf, Foskor and tea producer Sapekoe. Since its formation in 1940 and up to 1983, it has received R924m in new share capital from government but is mainly self-funding.

Although established as an ordinary private company, control of its share capital, both A and B class, has always remained with government.

/06091

**NMC Study Reveals Poor Advancement by Blacks Into High-Level Jobs**

34000443b Johannesburg *THE STAR* in English  
16 Feb 88 p 19

[Text] The progress of South African blacks into high-level jobs over the last eight years has been "less than satisfactory" the National Manpower Commission (NMC) has found.

NMC chairman Dr H.J. Reynders has warned that urgent attention must be given to the problem "since it influences the acceptability of the free enterprise system".

In a report on a study of high and middle-level manpower in South Africa, the NMC said that black advancement should "not be subordinate to the promotion or protection of group interests".

This meant further changes to the remaining direct or indirect restrictions on occupational mobility in the Group Areas Act, for instance.

He warned that the country would not be able to "realise its development potential" and offer its people an acceptable standard of living if it persisted in recruiting high-level manpower from whites only.

Dr Reynders partly blamed white managers for the lack of black job advancement.

He said their attitude to black job advancement was positive, but they were often unwilling or unable to put these views into practice.

"This situation requires urgent attention, the more so since it influences the acceptability of the free enterprise system," he said.

In the study the NMC defined "high-level manpower" (HLM) as those with at least two years education and training after Standard 10.

Middle-level manpower (MLM) included all those with at least a few weeks or months of training usually with a minimum qualification of Standard 7 or 8.

The percentage of blacks in the HLM group was "increasing gradually" the report said.

In 1965, 25 percent of all HLM were black and in 1985 the percentage was 32 percent.

#### Nursing

Black women entering nursing and teaching were mainly responsible for this increase.

But there had been a "particularly sharp rise" in the numbers of blacks in the MLM group, from 20 percent in 1965 to 40 percent in 1985.

The biggest increase had taken place among clerical and sales workers, artisans and apprentices.

The report said that most of the statutory measures which hampered black mobility had been lifted.

Certain aspects of the Group Areas Act were still a problem but these were receiving attention.

However, there were still "environmental factors" such as housing, overcrowding and relations at work that were restricting upward mobility of blacks.

The quality of education and career services were also inhibiting black advances.

/06091

#### Blacks Slow To Buy Homes

34000443c Johannesburg BUSINESS DAY in English  
17 Feb 88 p 2

[Article by Sophie Tema]

[Text] Four out of every five blacks in council housing still rent their homes in spite of government's major house-selling drive.

By January, the National Housing Commission (NHC) had sold only 20 percent of the total number of homes available under the scheme, while 80 percent of occupants were still registered as tenants, NHC sales coordinator Alex Weiss disclosed yesterday.

Last year government offered vast reductions on house prices.

Weiss said in the Transvaal 21.94 percent of the available houses had been sold by January—58,411 out of 266,239.

Commenting on the slow response, Weiss said: "The black community does not respond as expected despite the government having done everything possible to streamline the sale of houses."

Weiss said the reason could be that most did not understand home-ownership. He said the Transvaal Provincial Administration had repeatedly asked employers to explain to their black employees the advantages and financial details of home-ownership.

The NHC had also launched various programmes to boost the campaign.

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## SOCIAL

#### Minister Details Number of People Detained

34000445c Johannesburg BUSINESS DAY in English  
24 Feb 88 p 4

[Text] House of Assembly (Sapa)—The daily average of people detained in police cells in South Africa was 14,917, the Minister of Law and Order, Mr Adriaan Vlok, said yesterday in reply to a question from Mrs Helen Suzman (PFP Houghton).

This average was calculated from figures taken from 804 police stations from January 1 to December 31 last year.

The majority of these people were detained under the Criminal Procedure Act in terms of which persons may be detained for a period not exceeding 48 hours unless their continued detention was ordered by a court, Mr Vlok said.

He said 290 people under the age of 16 were detained under emergency regulations in 1987.

He said no persons under 15 were in detention.

Charges against 71 youths under the age of 16 had been or were to be laid, Mr Vlok said.

Vlok said he would not supply information on the number of people detained for up to 30 days under the emergency regulations because he did not consider it "in the public interest" to do so.

He said the requirements of the Public Safety Act had been complied with.

"In terms of these requirements a list of names of persons in detention for longer than 30 days was regularly tabled in Parliament in 1987 and was again tabled on February 18, 1988," he said.

A total of 63,360 youths under the age of 18 had been held awaiting trial in police cells in 1987.

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#### **NUM Signs Health, Safety Agreement With Mine**

34000445a Johannesburg *BUSINESS DAY* in English  
19 Feb 88 p 2

[Article by Alan Fine]

[Text] The National Union of Mineworkers (NUM) said yesterday it had signed the first ever health and safety agreement between a mine and a union in SA.

NUM described the agreement, reached late last year with the Palabora Mining Company (PMC)—a division of Rio Tinto—as a breakthrough and criticised members of the Chamber of Mines for their failure to enter into similar accords. PMC is not a member of the chamber.

The NUM's assistant general secretary said PMC was a highly mechanised plant which mined uranium and copper, and employed about 3,000 people.

NUM said the agreement provided for the recognition of about 100 safety stewards as representatives of workers interests in the field of health and safety.

Safety stewards would be informed immediately in the event of any accident and would take part in any inspection and inquiry held thereafter. After the inquiry, the stewards and management would meet to discuss the lessons of the accident.

Elected stewards would receive time off for training by management and the union. Safety stewards would hold regular meetings with sectional and departmental management as well as with their constituents.

/06091

#### **Markinor Poll on Optimism Conducted**

34000445b Johannesburg *THE CITIZEN* in English  
18 Feb 88 p 20

[Text] Sapa—South Africans are more optimistic about 1988 than they were about 1987.

This is the finding of a recent Markinor Gallup Poll conducted by the Markinor research group among 1,000 White and 1,300 Black-urban adults.

One out of every 10 Whites think that 1988 will be better than 1987 with 21 percent saying it will be worse. Blacks are still relatively pessimistic with 35 percent believing that conditions will deteriorate in 1988 and 30 percent that things will improve.

On the labour front, 50 percent of those Whites and 36 percent of those Blacks questioned believe that 1988 will see an increase in strikes and industrial disputes while 13 percent of the Whites and 29 percent of the Blacks expect a decrease.

/06091

**Refugee Population Totals 25,000**

34000436b Johannesburg THE STAR in English  
1 Feb 88 p 8

[Text] Mbabane—Swaziland has a refugee population of 25,000—slightly more than four percent of its total population.

The announcement of the official figure by government official Mr Abner Tembe surprised many observers here.

No official figure has been given for the number of refugees in Swaziland for more than a year, when a figure of 12,000 was mentioned.

Finance Minister Mr Sibusiso Dlamini recently appealed for international aid to help the refugees, saying they were becoming an increasing burden.

Mr Tembe said recently that the majority of the refugees are Mozambicans, and they are coming across the border at a rate of 200 a month to escape fighting in their home areas.

He said 50 percent of the Mozambicans were under the age of 13, 30 percent were women and 20 percent were men.

Mr Tembe said most of the refugees were crammed into two camps in the east of the country and others were "boarding" in villages in the area.

He said the Swazi government and international aid agencies operating here could no longer offer much help, leaving the refugees to fend for themselves to a large extent.

The details given by Mr Tembe show a trend very different from a few years ago. Then the largest group of refugees in Swaziland were fleeing tribal conflict in northern Natal.

Now these refugees are in the minority, and Mozambicans are the most numerous group.

Mr Tembe said the number of South African political refugees was insignificant because these people were usually in transit to countries to the north.

08309

**Inflow of War Refugees Alarming**

34000436a Johannesburg *THE STAR* in English  
29 Jan 88 p 4

[Text] Lusaka—A Zambian Minister has expressed alarm at the growing number of refugees from the civil wars in Angola and Mozambique.

In the last few months the number has risen from 130,000 to 145,000.

The Minister of State for Home Affairs, Mr Joseph Kasongo, said the situation could only deteriorate because peace in Mozambique and Angola remained elusive.

He called through the United Nations High Commission for Refugees on the international community "to help Zambia by increasing their material and financial support.

08309

**Auditor-General Cites Financial Irregularities**

34000343b Lusaka *ZAMBIA DAILY MAIL* in English  
4 Feb 88 p 1

[Text] Auditor-General Stubbs Nundwe is concerned at government's failure to act on recommendations of the Parliamentary public accounts committee which have not or have been partly implemented since 1972.

In his annual report for the year ended December 31, 1986 and just released before Parliament, Cde Nundwe says there is something wrong with the executive for not acting on the recommendations.

"The failure to act on the recommendations renders accountability meaningless and unless stern measures are taken to appreciate the need for accountability, the problem of financial maladministration will continue without redress," Cde Nundwe says.

During the year under review there was an excess expenditure of K111,122,979 against an authorised provision of K1,064,913,873, to bring actual expenditure to K1,176,036,852 in 1986.

The report says there is evidence of mismanagement of government finances.

"In foreign missions, the disparity between heads and supporting staff in terms of ability, maturity and capability were glaring with the result that certain heads of missions tended to brow-beat supporting staff whenever they wanted their wishes and views to prevail," Cde Nundwe explains.

He gave a breakdown on the level of advances, deposits, special imprests and balances in clearing accounts which increased during the year.

Advances amounted to K386,273,137 including staff advances totalling K6,336,184, special imprests were K19,888,647, balances in deposit accounts totalled K294,973,574.

Dishonoured and returned cheques accounts reflected debit balances amounting to K28,766,179.

Cde Nundwe says many government ministries and departments owed considerable sums of money to parastatal and private-owned companies which is against the principle of government's cash accounting basis.

With the auctioning of foreign exchange during the year, many ministries and departments failed to effectively monitor expenditure.

It was also observed that whereas the Kwacha is the legal tender currency in Zambia, certain transactions were in foreign currencies.

The report also reveals financial irregularities at Freedom House which include the paying of subsistence allowance to four spouses of senior Party officials who accompanied their husbands abroad.

Cde Nundwe says the four were paid K4,260 on a trip in 1985.

The report also reveals that K511,461 involving 57 transactions was paid out to various suppliers of stationery which, although purported to have been received, was not reflected in the stores register as at November last year.

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**OPEC To Finance Airports' Rehabilitation**

34000343a Lusaka *TIMES OF ZAMBIA* in English  
4 Feb 88 p 1

[Text] The OPEC fund for international development has loaned Zambia \$5 million to finance the first phase of the rehabilitation of physical and telecommunication facilities at 13 airports.

A spokesman for the fund said in Lusaka yesterday the objective was to ensure a safe and adequate development of air traffic by rehabilitating six airports in Lusaka, Livingstone, Ndola, Mfuwe, Kasama and Chipata.

The loan was the third extended by the fund to Zambia. The previous two were for the third railway project and a line of credit to the Development Bank of Zambia.

The loan agreement was signed at OPEC fund's headquarters in Vienna by the treasury counsel at Ministry of Finance Cde Mumba Kapumpa for Zambia, Saudi Arabian deputy minister of finance and chairman of the governing board of the OPEC fund Mr Osama Faquih.



Under the agreement, the project will be implemented in two years and will cost a total of \$5.87 million. Zambia is to finance the balance.

The project consists of:

- Construction of a control tower and tower cab and rehabilitation of the telecommunications centre in Lusaka;
- Construction of antennae bases and tower cabling at several airports;
- Provision of navigation aids, fixed and mobile telecommunications equipment and spare parts for each airport;

- Provision of maintenance equipment;
- Training of Zambian aviation personnel; and
- Consultancy services and technical assistance.

The agreement follows negotiations with OPEC by Finance and Planning Minister Cde Gibson Chigaga last year, to improve airport facilities including air traffic control at Lusaka International Airport where these have been said to be worse, and rehabilitation of the Kalomo-Namwala road.

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